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Algeria	5.50 Dhs	Israel	15.500 NIS	Switzerland	5.50 CHF
Argentina	1600 Lps	Japan	1000 Yen	Taiwan	100 NTS
Australia	1.50 A\$	Jordan	1.00 JD	Thailand	50 Baht
Belgium	33.33 Bfr	Kuwait	1.00 KD	Turkey	50 Liras
Brazil	270.00 R\$	Lebanon	1500 L\$	U.S.	1.00 \$
Canada	1.00 Cdn	Libya	1.00 D	Yemen	100 Rials
Denmark	5.66 Dkr	Luxembourg	100 F	Zaire	250 Z\$
France	6.55 F	Malta	100 M\$		
Germany	2.00 DM	Morocco	100 Dirhams		
Greece	166.66 Dr	Netherlands	100 Gld		
India	100 Rupees	Portugal	200 Esc		
Italy	166.66 Lit	Saudi Arabia	100 Rials		
Japan	100 Yen	Spain	166.66 Ptas		
Korea	100 Wons	Sweden	100 Kronor		
Malaysia	1.00 M\$	Switzerland	5.50 CHF		
Mexico	16.66 Pesos	Taiwan	100 NTS		
Netherlands	100 Gld	Thailand	50 Baht		
Norway	100 Kroner	Turkey	50 Liras		
Poland	100 Zlotys	U.S.	1.00 \$		
Portugal	200 Esc	Yemen	100 Rials		
Saudi Arabia	100 Rials	Zaire	250 Z\$		
Spain	166.66 Ptas				
Sweden	100 Kronor				
Switzerland	5.50 CHF				
Taiwan	100 NTS				
Thailand	50 Baht				
Turkey	50 Liras				
U.S.	1.00 \$				
Yemen	100 Rials				
Zaire	250 Z\$				



Yuri V. Andropov speaking Tuesday at a celebration marking the Soviet Union's 60th anniversary.

Andropov Links Missile Cuts To NATO Arms Reduction

By Robert Gillette
Los Angeles Times Service
MOSCOW — Yuri V. Andropov, chairman of the Soviet Communist Party, unveiled a complex offer Tuesday for limiting nuclear arms in Europe, saying that Moscow would be willing to reduce its arsenal of intermediate-range missiles to the combined number of missiles held by Britain and France.

In a crucial proviso, however, Mr. Andropov made it clear that the Soviet Union would not agree to return to the deployment of 572 advanced Pershing-2 and ground-launched cruise missiles in Western Europe, set to begin late next year.

The Soviet leader said further that the United States and its NATO allies would have to agree with Moscow to reduce the number of aircraft stationed in Europe, and capable of carrying nuclear weapons, to equal numbers on both sides.

"In short, the ball is now in the court of the U.S.A.," Mr. Andropov said.

Western diplomats said the overall proposal, elements of which have leaked into the Western press over the past 10 days, was superficially attractive, but would nevertheless leave NATO at a serious disadvantage in medium-range nuclear forces.

France and Britain have a combined total of 162 intermediate-range nuclear missiles, most of them relatively inaccurate weapons positioned aboard submarines, according to figures compiled by the authoritative International Institute for Strategic Studies in London.

But the French and British missiles, Western diplomats in Moscow emphasized, are independent strategic nuclear forces not under NATO command. Under the Soviet proposal, the diplomats said, Moscow would retain a formidable force of its new mobile SS-20 missiles targeted on Western Europe while NATO would have to compare weapons with which it could deter, or respond to, a Soviet attack.

Mr. Andropov made his offer in an hour-long speech at a Kremlin celebration marking the 60th anniversary of the Soviet Union. Konstantin U. Chernenko, the 71-year-old Politburo member and the closest associate of the late Leonid I. Brezhnev, appeared to chair the meeting, leading some Western analysts to conclude that he now ranks second behind Mr. Andropov in the political hierarchy.

Mr. Andropov, the 68-year-old Soviet leader, dwelled on foreign policy and said remarkably little — in what was, in effect, his inaugural address to the nation — about domestic policy, particularly about the country's stagnating economy. Much of his speech dealt with ethnic relations in the Soviet Union, which he acknowledged were not yet trouble-free.

On strategic weapons, Mr. Andropov repeated the recent warning of Defense Minister Dmitri F. Ustinov that the Kremlin would proceed with a new model of Soviet missile comparable to the MX if Washington deployed the latter.

Mr. Andropov also disclosed that the Soviet Union was testing a long-range cruise missile to counter U.S. weapons in production.

But Mr. Andropov contended, "These are not threats at all," adding that the Soviet Union was seeking "an honest agreement that will do no damage to either side and will, at the same time, lead to a reduction of nuclear arsenals."

He did warn the Reagan administration, however, not to consider using the MX and other systems as bargaining chips in strategic arms reduction talks in Geneva.

"If the people in Washington really believe that new weapons systems will be a 'trump' for the Americans at negotiations, we want them to know that these 'trumps' are false," Mr. Andropov declared.

Mr. Andropov said that the Kremlin favors "substantially" lower numbers of strategic warheads as well as fewer delivery vehicles on both sides, a point the United States has insisted on, and he said that "improvement of nuclear weapons should be maximally restricted."

The Soviet offer to slash its intermediate-range missiles targeted on Western Europe appears to go further in some respects than an offer the late Leonid I. Brezhnev advanced publicly last February.

If NATO would forgo its Pershing-2 and cruise missile deployment, Mr. Brezhnev proposed, the Soviet Union would reduce its forces by one-third over a few years and by another third by 1990. Working from the Soviet count of about 1,000 intermediate-range missiles and nuclear-armed aircraft on both sides, a figure NATO strongly disputes, this proposal would have cut both sides to 600 missiles and aircraft by 1985 and 300 by 1990.

Intermediate-range weapons in Europe are covered by a separate set of U.S.-Soviet negotiations that have been under way in Geneva for more than a year.

Bringing the number medium-range missiles in line with the number of British and French missiles would mean eliminating about 420 Soviet missiles. But Western analysts assume the 160 or so that would be retained would be sophisticated SS-20s, with greater accuracy, mobility and versatility than the French or British forces.

Analysts in Moscow said this arrangement would be unacceptable for several reasons. Without the new U.S. Pershing and cruise missiles in Europe, NATO would have no weapons under its command (Continued on Page 2, Col. 3)

Arthur Rubinstein Is Dead; Polish-Born Pianist Was 95

New York Times Service
NEW YORK — Arthur Rubinstein, 95, one of the greatest pianists of the century, died Monday in his sleep at his home in Geneva.

He started playing the piano at the age of 3, made his debut shortly thereafter, and was still playing until about five years ago. His only modern rival as a pianist was Vladimir Horowitz. In his autobiography, Mr. Rubinstein conceded that Mr. Horowitz was the better pianist, but not the better musician.

With his remarkable technique, one and musical logic, with the "flair" he brought to his interpretations, with his natural, unfurled style, Mr. Rubinstein offered, above all others, the ability to convey the joy of music.

"What good are vitamins?" he demanded when he was asked, at 75, to explain his vivacity and fire. "Eat a lobster, eat a pound of caviar — live! If you are in love with a beautiful blonde with an empty face and no brains at all, don't be afraid. Marry her! Live!"

He conscientiously applied the description to himself. There was dash to his mode of life, just as there was to his making of sumptuous music.

Even at an age when most artists slow down, he was giving concerts on an average of one every three days, he was recording furiously out of his vast repertoire and he was the life of innumerable parties and luncheons.

His historic appearance at Carnegie Hall in 1937 marked a new chapter in his life. "It is said of me that when I was young I divided my time impartially among wine, women and song," he remarked afterward. "I deny this categorically. Ninety percent of my interests were women."

There was an element of exaggeration to this comment, but certainly the post-1937 Rubinstein was a mature artist. His special fusion of romanticism and intellectualism caught the public fancy. His concerts were standing room only; his recordings sold in the millions; he performed all over the world at fees of \$6,000 and more per concert, then the highest fee for any artist before the public.

Mr. Rubinstein moved with ease through a repertoire that started with Mozart, proceeded through Beethoven and the 19th century and wound up with such moderns as Heitor Villa-Lobos and Stravinsky. Chopin, however, was his specialty, and here he was considered by many to be without peer.

Part of the Rubinstein manner (and mystique) was his musical pedigree. His first big-name enthusiast was Joseph Joachim, the violinist friend of Brahms. His early piano training came from Karl Heinrich Barth, a pupil of Liszt, who had been taught by Carl Czerny, who had in turn been a pupil of Beethoven. Mr. Rubinstein drew personally, moreover, on the talents of such titans as Saint-Saëns, Paderewski, Eugene Ysaÿe, Debussy, Franck and Artur Schnabel.

Mr. Rubinstein worked very hard, by any other standards than his own, to perfect and project his artistry, though he liked to create the impression that it was all effortless — as indeed it sounded to audiences. Practice for his own sake, however, was not his notion of how to extract music from the printed notes.

On one occasion he said: "At every concert I leave a lot to the moment. I must have the unexpected, the unforeseen. I want to risk, to dare. I want to be surprised by what comes out. I want to enjoy it more than the audience. That way the music can bloom anew. It's like making love. The act is always the same, but each time it's different."

One of the elements of freshness in a Rubinstein concert was the evident happiness with which he played. He admonished one interviewer: "Don't tell Horowitz — Sol Hurok, his impresario of many years — 'but I'd play the piano for nothing. I enjoy it so much.'"

To see and hear Mr. Rubinstein (Continued on Page 5, Col. 1)



Arthur Rubinstein

U.S. Calls Kremlin Plan Unacceptable, Says It Would Leave Soviet Advantage

Compiled by Our Staff From Dispatches
WASHINGTON — The United States rejected an offer on Tuesday by the Soviet leader, Yuri V. Andropov, to sharply reduce the number of Soviet missiles in Europe if NATO dropped plans to deploy 572 comparable weapons there starting next year.

France and Britain also rejected the proposal, saying that it would perpetuate an imbalance of forces in Europe that strongly favors the Soviet Union and West Germany expressed skepticism about the plan.

The statement by the State Department said: "The Soviet proposal contained in Mr. Andropov's speech today is unacceptable because it would leave the Soviets with several hundred warheads on SS-20s while denying us the means to deter that threat."

It reaffirmed the U.S. commitment to President Ronald Reagan's "zero option" proposal, which calls for cancellation of NATO plans to deploy the 572 Pershing-2 and cruise missiles only if Moscow dismantles all 324 of its existing SS-20s and 260 older SS-4s and SS-5s.

"We hope the Soviets will now come to realize that we cannot give up the means to counter the nuclear threat they pose to NATO unless the threat is eliminated altogether," the U.S. statement said.

Mr. Andropov, in an address marking the Soviet Union's 60th anniversary, proposed reducing Soviet medium-range nuclear missiles in Europe to match the number deployed by France and Britain.

But the U.S. statement rejected both the linking of Soviet reductions to the number of British and French missiles and its limiting of proposed cuts to the European Soviet Union, west of the Ural Mountains. It said the British and French missiles are not an element to the Geneva talks on intermediate-range nuclear forces in Europe, the so-called INF negotiations.

"We cannot accept that the U.S. should agree to allow the Soviets superiority over us because the British and French maintain forces," it said.

"Nor can we agree that INF limits should apply only in Europe. This would leave the Soviets free to threaten our Asian friends as well as to maintain a highly mobile missile force that can be moved at any time into position to threaten NATO."

Claude Cheysson, the French minister for external relations, said Mr. Andropov was "sidetracking the conversation" with his offer to limit the number of Soviet missiles to the combined total of British and French missiles.

The real issue "is the imbalance of forces in Europe," Mr. Cheysson said in a French television interview. France maintains that the imbalance is strongly in favor of the Soviet Union.

Mr. Cheysson said, "What is shocking to me is to introduce [into the discussions] the French nuclear arsenal, which has been limited to the necessary minimum. If we diminish it, it will lose its deterrent value."

Mr. Cheysson reiterated France's determination not to allow its nuclear arsenal to become an element in East-West disarmament negotiations.

"The French nuclear arsenal does not belong to the system of the Atlantic alliance — we are independent," Mr. Cheysson said.

He said the deployment of U.S. Pershing-2 missiles may become unavoidable "to re-establish the balance."

"Balance is the key to peace," he added. The one way toward reestablishing that balance, he said, is to pursue the zero option or to diminish the number of missiles to an insignificant proportion.

Prime Minister Margaret Thatcher of Britain told Parliament that the Soviet plan, if implemented, would leave the United States with no medium-range nuclear missiles in Europe while the Soviet Union would have "a very considerable number left."

"That does not seem to me to keep the essential balance which is required for our security," Mrs. Thatcher said.

To Bonn, Jürgen Sudhoff, a West German government spokesman, said Mr. Andropov's offer sounded good but would not achieve parity.

West Germany still supports Mr. Reagan's proposal on the zero option, he said. "We want no medium-range missiles either in the West or the East," he added.



Margaret Thatcher



Claude Cheysson

South African Police Are Cleared In Death of Jailed White Physician

By Joseph Lelyveld
New York Times Service
JOHANNESBURG — A magistrate exonerated the security police Tuesday for the death of a mainly black trade union who had been held without charge for intensive interrogation.

Dr. Neil Aggett, 28, was found hanging in his cell at security police headquarters in Johannesburg early on Feb. 5 after being held without charge more than two months. About 45 people had previously died in security police custody, but he was the first white. Thousands of blacks turned up for his funeral.

An inquest into the death turned into an inquiry into security police methods, with former detainees testifying that they had been assaulted and tortured. Lawyers for Dr. Aggett's family, who showed that he spent 110 of the final 168 hours of his life in police interrogation rooms, asked that two security police officers directly responsible for his treatment be charged with culpable homicide, a crime equivalent to what is called manslaughter in U.S. law.

Instead, the magistrate, Petrus A.J. Kotze, found that the "balance of probabilities" supported the police contention that Dr. Aggett had consented to the lengthy interrogations. He also ruled that the physician's own statement that he had been assaulted, which he dictated to a police officer on the final morning of his life, could not "be accepted as true."

If there was any criminal liability for Dr. Aggett's death, the magistrate suggested, it attached to a fellow political prisoner and friend, Aure van Heerden. Mr. van Heerden testified that Dr. Aggett had told him, four days before he died, that he had "broken" as a result of electric shock torture, beatings and prolonged sleep deprivation. Mr. van Heerden, who recently sued the police for the torture he says he underwent, also testified that he realized that the night of Dr. Aggett's death that his friend had become suicidal.

Mr. Kotze, a former prosecutor in political cases, devoted the final portion of his statement to discussing whether Mr. van Heerden should be charged in Dr. Aggett's death for not having immediately alerted a warrant. He concluded that Mr. van Heerden's legal responsibility for the death was not clear beyond a reasonable doubt.

He then found that no one was responsible and that Dr. Aggett might have killed himself out of remorse for having supplied names to his interrogators. At the inquest, the security police refused to disclose the names they said they got from the physician, and they acknowledged under cross-examination that no arrests were made on the basis of the information they said he supplied.

"Everyone said we were crazy to fight the government," said Dr. Aggett's mother, Joyce. Her husband, Aubrey, 70, a farmer who immigrated from Kenya 18 years ago to avoid black rule, said he was still convinced that his son had been tortured and that he had taken his life because he had been threatened with further interrogation.

Jan Theron, general secretary of the Food and Canning Workers Union, for which Dr. Aggett worked as secretary in the Transvaal, said the magistrate's findings gave the security police a license to harass black trade unions. "The treatment of the evidence was so selective that one cannot but believe that it was motivated by a strong concern to whitewash the police," he said.

Dr. Elizabeth Floyd, who lived with him on Nov. 26, 1981, called the finding "incredibly cynical." Mr. Kotze discounted her testimony Tuesday morning on the ground that her detention and Dr. Aggett's death had biased her against the security police, but he cited her testimony that she had not been assaulted by the police when it came to refuting the contention of the Aggetts' lawyers that the security police systematically assault and intimidate political detainees.

Inevitably, the Aggett inquest was compared to that held four years ago into the death of the black nationalist leader Steve Biko in security police custody. Mr. Kotze seemed to wish to avoid the criticisms leveled at the magistrate in that case, who exonerated the police without offering any analysis of the evidence. It took Mr. Kotze six and a half hours over two days to read his statement.

INSIDE

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- The U.S. economy is declining at a 2.2 percent annual rate this quarter, reversing modest gains in the gross national product over the previous six months, according to a government estimate disclosed Tuesday. Page 15.
- A special report on Nigeria appears today. Page 75.

Nicaragua's Envoy to U.S. Deserts Sandinists

By Karen DeYoung
Washington Post Service
WASHINGTON — Nicaragua's ambassador to the United States said that he has resigned from his government and from the Sandinista National Liberation Front that runs it, because radical Sandinistas are turning the leftist regime into a tyranny that no longer listens to its own people.

Francisco Fiallos, 36, said Monday he made his decision after failing at numerous attempts to persuade the Sandinistas they are "losing public support" because of their increasing authoritarianism under "state of emergency" regulations imposed in March.

"There is growing discontent in the country," he said. "Production is bad, and there is no feeling among the people that they are living under a system of law and judicial protections. Decisions are made by ever fewer people, with ever less consultation." At first, he said, "they listened to me. But then they lost interest in listening. Now, they hear, but they do not listen."

Mr. Fiallos is one of a growing number of high-level Nicaraguan officials, and the second ambassador to Washington in little more than a year, to resign because of political differences with the Sandinista government. His predecessor at the Nicaraguan Embassy here, Arturo Cruz, a banker, has since joined a group of Nicaraguan exiles opposing the Sandinistas on grounds that Sandinista Marxists and Cuban and Eastern Bloc advisers have perverted the democratic goals of the Nicaraguan revolution.

A Harvard-trained attorney who joined the Sandinistas in 1977 as an underground supporter in its struggle against Anastasio Somoza, Mr. Fiallos said that "for the moment, what I want to do is rest and think." But he acknowledged that he has been in touch with Mr. Cruz and others of his group, led by a former Sandinista guerrilla hero, Efraim Pastora, and sees joining them as "an option."

The Nicaraguan government, in a brief announcement Saturday, said that Mr. Fiallos was being reassigned along with a number of diplomats. But Mr. Fiallos said that he had informed the foreign minister, Father Miguel D'Escoto Brockman, of his decision to resign on Dec. 12, two days after the government prohibited publication of remarks he had made to La Prensa, the opposition newspaper, calling for political pluralism and free elections.

His resignation is likely to weaken further the Sandinistas' credibility among a diminishing group of supporters in the West who see them as increasingly authoritarian and unwilling to allow political freedoms.

Much of what remains of their support among Socialist governments in Western Europe, and among some Latin American countries, according to officials of those governments, is more opposition to the Reagan administration than to the Sandinistas. These European governments argue that there is no possibility of tempering Nicaragua's militarism as long as it is threatened by armed groups supported by outside powers.

Like Mr. Cruz, Mr. Fiallos completed his term of the Sandinistas with a denunciation of U.S. economic and political pressure against them, as well as covert support for exile groups led by defeated Somoza soldiers, known as Somocistas, trying to overthrow them.

"I stand by everything I ever said about U.S. policy," Mr. Fiallos said. The Sandinista "radicals," he said, "have Ronald Reagan and this administration on their side" because Reagan supports the hated Somocistas against the radicals.

"This is the most important point," he said. "The Reagan policy has to change, and let Nicaragua alone to solve its own problems. It is a Nicaraguan problem, a Sandinista problem."

As have other Sandinista dissidents and defectors, Mr. Fiallos also said he was disturbed by the strong presence of Cuban and other East bloc advisers in Nicaragua. These include what other informed Nicaraguan sources have said are as many as two dozen Bulgarians.

But Mr. Fiallos also said that while direct Cuban involvement in high-level government decisions was often talked about, especially in the United States, he had not seen it. He gave some credence to reports that President Fidel Castro of Cuba at times had sought to be a moderating influence among the Sandinistas.

"No revolutionary process is perfect," he added. But beginning with the postponement of promised elections until at least 1985, and "problems with the emergency law," decreed after a series of exile radical political parties, "things got worse."

South African Who Left U.S. Linked to Spying

By Richard M. Weiraub
Washington Post Service
WASHINGTON — The departure of a senior South African diplomat from the United States two months ago was connected to "acts of an intelligence nature," U.S. diplomatic sources have confirmed.

The diplomat, Daniel J.F. Opperman, reportedly known by U.S. officials to be the chief operative for South Africa's National Intelligence Service here, left Washington in mid-October. Listed as a first secretary, he was described by an embassy spokesman as performing general political duties.

Whether Mr. Opperman was formally asked to leave the United States or was withdrawn voluntarily remains unclear. A State Department official familiar with the case refused to comment, saying only, "We're just not saying anything about that particular individual. I just can't elaborate."

When pressed, an official said, "Maybe it's not in our interest to go any further, and suggested that South Africa may have taken action against a U.S. diplomat before the United States moved against Mr. Opperman. The official would not elaborate.

A spokesman for the South African Embassy said the Foreign Ministry in Pretoria had issued a statement saying that Mr. Opperman was transferred routinely, and that there had been no request for his recall or complaints to the South African ambassador about his activities.

"There are intelligence liaisons in most major embassies, so this must have been something highly unusual, perhaps involving American citizens," a source said. "There are a lot of anti-apartheid groups in this city."

Reports about Mr. Opperman first appeared in the Rand Daily Mail, a prominent Johannesburg newspaper, over the weekend. They said he had been connected with "harassment" of U.S. anti-apartheid groups.

The British government revealed late last week that it had asked for the withdrawal of a South African Embassy employee in London for actions against black nationalist groups in that country.

The employee, Joseph Klus, was a member of the London embassy's administrative and technical staff, a much lower rank than that held by Mr. Opperman. He was asked to leave Britain for "activities incompatible with his official status," diplomats in London for spying. Mr. Klus, according to court testimony, had hired men to break into the offices of black nationalist and anti-apartheid groups in London.

A spokesman for the British Embassy, when informed of the Opperman case, said there had been no links established between the two cases other than the similarity of timing and apparent purpose of the operations.

While none of the targeted black nationalist groups are particularly active in the Washington area, organizations involved in promoting anti-apartheid programs have reported unusual activities at their headquarters in recent months.

Randal Robinson, the head of TransAfrica, a black American lobbying organization for Africa and the Caribbean, said his Washington offices have been the target of almost weekly break-ins for several months.

"File drawers are left open. Things are moved around, but nothing is taken. Obviously, people come here for reading," Mr. Robinson said, adding that at least once an internal memo written to him by a staff member was leaked to a South African newspaper.

Another group, the Southern African Support Project, reported an unusual break-in last spring during a telephone campaign to raise money for medical and school supplies. The office where the telephone lines were kept was entered but no office equipment or other valuable items were taken.

Bonn Considering Repatriation Plan

Reverses
BONN — The West German government has drawn up a plan under which unemployed foreign workers who voluntarily return home over the next two years would be paid 9,000 marks (\$3,700), informed sources said Tuesday.

The offer would apply to foreign workers who had lost a job because of factory closures or bankruptcies, or who had worked part-time for at least six months.

The West German government has expressed concern that with the number of unemployed at more than two million and still rising, the presence of 2.6 million foreign workers in the country could be socially disruptive.

Soviet-Chinese Feelers Seem to Worry Vietnam

By William Branigin
Washington Post Service

BANGKOK — Vietnam is showing signs of anxiety about a possible rapprochement between China and the Soviet Union.

Yet, it remains unclear how the efforts by Moscow and Beijing to improve their strained relations will affect the situation in Cambodia, where Vietnamese troops have been battling Cambodian guerrillas since an invasion nearly four years ago. The Chinese have demanded a Vietnamese withdrawal from Cambodia as one of three conditions for improving relations with Moscow.

Some Western diplomats believe that the Vietnamese may launch a bigger offensive than usual against resistance groups near the Thai border during the dry season to try to upset the Chinese-Soviet rapprochement.

While the Chinese-Soviet feelers have been showing promise, there has been no sign of any positive Chinese response to recent Vietnamese overtures on improving relations.

According to the head of Thailand's National Security Council, Squadron Leader Prasert Soontaran, the Vietnamese clearly are worried about the Chinese-Soviet rapprochement. He cited the recent visits to Moscow of high-ranking Vietnamese officials, adding, "If you're not worried, you stay at home."

In October, Truong Chinh, Vietnam's president and No. 2 man in the Communist Party Politburo, went to Moscow at the same time that the Soviet deputy foreign min-

ister, Leonid F. Ilyichev, was in Beijing for exploratory talks with the Chinese. The Vietnamese visit was announced shortly after the Russians and Chinese said they planned to meet.

A communiqué issued after Truong Chinh's talks with Leonid I. Brezhnev, the late Soviet president, said the discussions were largely devoted to Chinese-Soviet and Chinese-Vietnamese relations and that the two leaders agreed that any normalization between Moscow and Beijing would not come at

the expense of "third countries." The communiqué's tone toward Beijing was unusually mild, and China was not criticized by name.

On the same day that the Vietnamese party paper, Nhan Dan, published the communiqué, however, it also printed a harsh denunciation of China as "the principal danger to the three Indochinese countries." It said the three — Vietnam, Laos and Cambodia — were "determined to defeat all maneuvers by the reactionaries in the Beijing government."

According to diplomatic sources, a possible major ramification of Chinese-Soviet rapprochement could be a reduction of Soviet bloc aid to Vietnam, estimated at more than \$2 billion a year. The aid is considered vital to the Vietnamese war effort in Cambodia and a source of irritation between Beijing and Moscow.

According to a diplomat who recently returned from a trip to Vietnam, East European countries already are planning to cut back aid to Vietnam by about 20 percent.

He noted that during Truong Chinh's visit to Moscow in October, Soviet leaders openly criticized Hanoi for inefficient use of foreign aid.

The Russians, however, are seen here as having little flexibility as far as China's demand for Vietnamese withdrawal from Cambodia is concerned. Any outright Soviet pressure on Vietnam to pull out its troops would almost certainly meet a stiff reaction, and the Russians would stand to lose naval and air base facilities at Cam Ranh Bay and Da Nang, diplomats said. Vietnam allowed the Russians to use the bases after China's incursion across Vietnam's northern border in 1979.

Another Chinese demand, a reduction of Soviet forces along the Chinese border, is easier for Moscow to meet, but may also provoke Vietnamese anxieties, according to diplomats here.

"Anything that eases pressure on China's northern border is a problem for Vietnam," a diplomat said, since it would allow the Chinese Army to focus more attention on the Vietnamese border.

The problem was underscored for Hanoi last month when the Chinese premier, Zhao Ziyang, told Prime Minister Prem Thien-lan of Thailand that China would give the Thais "complete support" if the Vietnamese invaded Thailand.

To wipe out the Cambodian resistance groups along the border, military analysts here say, Vietnamese forces must cross into Thailand in strength and surround them, an act that might provoke the threatened Chinese reaction.

Chinese-Soviet Tension Said to Ease

BEIJING — Tension along the Chinese-Soviet frontier has further relaxed this year following Moscow's calls for détente with China, according to a rare account from the border available in Beijing on Tuesday.

It said that Soviet military exercises, once held regularly as a show of force, had been less frequent and day-to-day border problems stood a better chance of being resolved in a reasonable manner through discussions.

The account is given in an article to be published in the next edition of the magazine Observation Post, regarded as authoritative. It was printed earlier in a Shanghai evening paper that arrived in the capital Tuesday.

The author, Lu Fowei, said he relaxed the border shortly before the death last month of the Soviet leader, Leonid I. Brezhnev, Moscow and Beijing had renewed bilat-

eral consultations the previous month.

"Over the past six months or so, the border has seemed quieter than before, military exercises by the Soviet Army have been held less frequently, and disputes... have stood a better chance of being solved fairly reasonably," the article said.

It was referring specifically to one sector, near Suifeng in East Manchuria, not far from the Soviet naval port of Vladivostok, but indicated this was the general situation.

It is necessary to wait and see what else the new Soviet leadership will do to improve Chinese-Soviet relations before progress can be made, the article added.

Chinese leaders have said repeatedly that Moscow must first take concrete action toward removing three obstacles it said are blocking the way to an improvement.

They are the Soviet military intervention in Afghanistan, Moscow's support for Vietnamese forces in Cambodia, and more than 50 divisions along China's northern borders that Beijing says constitute a major threat.

"Recently Soviet leaders have made several statements expressing hopes of normalizing their relations with China, but at the same time the Soviet Union maintains one million troops stationed on the Chinese-Soviet and Chinese-Mongolian borders," the article said.

"As neighbors, we can't help but think to ourselves that this is no guard of honor intended for welcoming state guests," it added.

"Superficially it would seem that there are traces of a relaxation, but we will have to let further facts and actions judge whether or not it is a substantial one," the article quoted a Chinese officer there as saying.



CARACAS FIRE — Firemen watched helplessly as a fire raged at a Caracas power station. The fire, caused by two explosions Sunday, has left at least 106 dead, 500 injured and 1,000 homeless. It is the worst tragedy in Venezuela since a 1967 earthquake that killed 260.

Official Says Israel Wants Curbs On Forces in Lebanese Buffer Zone

New York Times Service

JERUSALEM — The security zone that Israel wants in southern Lebanon would be off limits to all artillery, rocket launchers, anti-aircraft missiles and fortifications by the Lebanese Army, according to a senior Israeli official.

Under the plan, no international military force would be deployed in the 25-mile (40-kilometer) area, the official said Monday. Only Lebanese Army and police units would be allowed access, and they would not be authorized to have weapons able to reach towns in northern Israel.

In addition, said the official, who spoke on the condition that he not be identified, Israel wants Lebanon to agree to permit Israeli aerial reconnaissance flights over the area and to allow the establishment of monitoring stations manned by Israelis.

He said that during secret negotiations conducted over the last two months, mostly by Defense Minister Ariel Sharon, "authorized people" in Beirut had "basically agreed" on the security arrangements, although many details remained to be worked out by military subcommittees.

The official asserted that the plan, which was reportedly not government officials but was close to President Amin Gemayel, had indicated that Mr. Gemayel was prepared "to end the state of war" with Israel.

"authorized people," who were reportedly not government officials but were close to President Amin Gemayel, had indicated that Mr. Gemayel was prepared "to end the state of war" with Israel.

This, the official explained, would be expressed in a document that would fall just short of a peace treaty but would go beyond the proposal that he said had been made by the special U.S. envoy, Philip C. Habib, to end the state of belligerence. Lebanese-Israeli relations are now formally governed by an armistice agreement reached after the Middle East conflict of 1948 and early 1949.

The accuracy of the Israeli reading of Lebanese intentions could not be determined here. The identity of the "authorized people" was not made clear, although they were believed to be Phalangist Christians with ties to the Gemayel family.

Despite the Phalangists' presumed role in killing hundreds of Palestinian men, women and children in September in two Beirut refugee camps, Israel has maintained close relations with the faction and remains its main supplier of arms.

Mr. Sharon, who was reportedly frustrated by Mr. Habib's efforts, opened his own negotiations and kept their progress secret from the United States. He informed Mr. Habib during a meeting last Thursday that he had achieved "a real breakthrough" in getting the Lebanese to accept a working paper as a framework for talks.

In an interview Friday in the newspaper Ma'ariv, Mr. Sharon said: "We are very close to opening direct negotiations between the governments of Israel and Lebanon for the achievement of a political-defense settlement, which will ensure, in its first phase, the normalization of relations between the two countries, like open borders, free trade, tourism, etc." He added, "There will be agreement between Israel and Lebanon to end the state of war."

Mr. Sharon's statement was greeted with some skepticism in the Israeli press, which saw his political interest in portraying himself as a peacemaker as well as a warrior.

Swiss Extradite Suspect In Canadian Abduction

BERN — A Canadian citizen has been extradited to Canada where he is being sought in the kidnapping of a Calgary businessman, Heyman Belzberg, Swiss authorities said Tuesday.

A Justice Ministry spokesman said the suspect, Georg Adolf Faust, 58, boarded a Montreal-bound flight Monday. Mr. Faust was arrested Dec. 11 under an international warrant charging him with complicity in the kidnapping. Four million Swiss francs (\$2 million) had been transferred by Mr. Belzberg's family to a Swiss bank as a condition of his release.

WORLD BRIEFS

Zhao Backs Arab Mideast Peace Plan

CAIRO (UPI) — Prime Minister Zhao Ziyang of China said Monday that the Middle East peace plan adopted by Arab leaders in Morocco three months ago was "reasonable and practical" and that it provided a sound basis for negotiations with Israel.

Mr. Zhao, appearing at a press conference here with President Hosni Mubarak of Egypt, also said China's desire for normal relations with the Soviet Union was genuine and expressed hope that the new leadership in Moscow would act to remove obstacles barring an improvement in relations between the two countries.

Mr. Zhao reiterated the Chinese position of support for the establishment of a Palestinian state. He also expressed support for the independence of Israel, on the condition that it withdraws from Arab land occupied during the 1967 war. But he said this did mean formally recognizing Israel, and he appeared to rule out any Chinese step in this direction for the foreseeable future.

Danes Said to Bar EC Offer on Fish

COPENHAGEN (Reuters) — Denmark Tuesday rejected a last-minute offer of a large share of the North Sea mackerel catch by its European Community partners, who are trying to reach agreement on a common fisheries policy, parliamentary sources said.

The offer, drafted in Brussels by community fisheries ministers and supported by Denmark's conservative-led minority government, was overwhelmingly rejected by parliament's Common Market Relations Committee, the sources said.

Denmark has been blocking an accord for regulating future fish catches in community waters. The latest offer included a 1983 community catch of mackerel and some other fish in the North Sea and Norwegian waters controlled jointly with Norway and the Faroe Islands, of which Denmark would get a large share. Only 10 days remain before the current rules governing fishing in community waters expire. Denmark has now made it virtually certain that its partners will move to impose national measures to regulate community catches.

Eanes Accepts Balsemão Resignation

LISBON (Reuters) — President António Ramalho Eanes of Portugal Tuesday accepted the resignation of Prime Minister Francisco Pinto Balsemão, thereby ending the 14th government since the 1974 Portuguese revolution, the prime minister said.

The president has now to decide whether to ask the rightist Democratic Alliance to attempt to form a new government or to call general elections. Mr. Balsemão, 45, who formally offered his resignation Monday, said that all pending legislation, including the 1983 austerity budget, would be suspended. A new government would decide whether it wished to propose the laws anew.

Mr. Balsemão resigned because of disputes and opposition in his three-party coalition.

For the Record

BELFAST (UPI) — Two soldiers on foot patrol were injured, one seriously, by a bomb in the border village of Crossmaglen late Monday night. The Irish Republican Army claimed responsibility.

VANDENBERG AIR FORCE BASE, California (UPI) — An Atlas booster rocket launched a military weather satellite into polar orbit, lighting up the sky for as much as five minutes Monday with an orange glow known as the "twilight phenomenon," seen as far away as 600 miles (960 kilometers).

LAS VEGAS, Nevada (UPI) — The comedian Jerry Lewis, 56, underwent surgery Tuesday for "serious irregularities of his heart rhythms," a hospital spokeswoman here said. She said physicians "give him very good chances to recover."

SUMTER, South Carolina (AP) — Police seized \$325 million worth of cocaine and arrested three Americans and three Colombians in a raid here Monday night involving a small plane, authorities said. Federal agents said it was one of the largest cocaine seizures ever in the United States.

WASHINGTON (AP) — A growth removed from the upper lip of President Ronald Reagan's wife, Nancy, was malignant, but was "adequately excised," Mrs. Reagan's press secretary said Tuesday.

UN Starts Investigation Into Rights in Poland

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York — Secretary-General Javier Pérez de Cuéllar, over protests from Warsaw, began an inquiry Tuesday into possible human rights violations in Poland, UN officials said.

Mr. Pérez de Cuéllar is expected to appoint as head of the investigation Hugo I. Gobbi, a former Argentine diplomat and now the UN special representative in Cyprus. The decision follows months of fruitless negotiations here between Polish diplomats and the secretary-general, who has sought Warsaw's cooperation in the inquiry.

In private, according to diplomats familiar with the talks, the Poles gave what were described as evasive answers, neither accepting the examination nor rejecting it out of hand. Above all, Mr. Pérez de Cuéllar sought permission for Mr. Gobbi to visit Poland and conduct his inquiry there. Polish envoys said Monday that Mr. Gobbi would not be allowed in.

Mr. Pérez de Cuéllar, officials said, decided the investigation could no longer wait on Warsaw's approval. A U.S. diplomat said the secretary-general had recently held off because the Polish regime had promised liberalizing measures on the first anniversary of martial law, Dec. 13. When those new laws failed to meet Western expectations, there was no reason for further delay.

The inquiry was demanded in March by the UN Human Rights Commission. Nineteen nations, mostly of the West, voted in favor, and 13, mainly the Soviet Union and its allies, voted against the request.

The Polish delegate to the commission, Adam Lopatka, called the resolution "lawful, full and valid, politically harmful and morally two-faced." He said his government would not cooperate with the inquiry and described it

as "flagrant interference in the internal affairs of an independent state."

On Monday, the Polish delegate to the UN, Włodzimierz Natoni, said Warsaw's position was unchanged.

"Our parliament decided on the suspension of martial law at the end of the year, so this affair is groundless," he said.

The Polish diplomats were said to have taken a less hostile tone in the private talks here but declined to make any commitments. Mr. Pérez de Cuéllar's hand was strengthened Saturday when the General Assembly urged all states to cooperate with investigations by the Human Rights Commission.

That document was adopted 81-38 with 20 abstentions. Investigations initiated by the commission have met with mixed response from the governments under examination. El Salvador has cooperated with investigators for two years and Guatemala has pledged it will permit an inquiry in that country. Chile, however, recently said it would no longer work with UN investigators, contending the organization picks its targets unfairly.

If Mr. Gobbi is unable to visit Poland, he will have to rely on interviews with exiles and reports submitted by private groups and governments, including the United States, on alleged breaches of individual rights.

The United Nations invariably invites a government under scrutiny to answer all charges against it. Some U.S. diplomats said Mr. Pérez de Cuéllar had waited too long and left Mr. Gobbi too little time.

Mr. Gobbi, 52, was a career diplomat who served as Argentina's ambassador in Egypt and Czechoslovakia. A lawyer in private practice since 1976, he has spent two years in an attempt, so far futile, to create a Cypriot government that would satisfy both Turks and Greeks.

Reagan and Hussein Confer On Mideast Peace Initiatives

By John M. Goshko
Washington Post Service

WASHINGTON — The United States and Jordan have undertaken intensive meetings here on Middle East peace initiatives after a cordial meeting Tuesday between President Ronald Reagan and King Hussein.

Expressing "America's gratitude" to King Hussein for his "important actions in support" of recent U.S. peace initiatives, Mr. Reagan said that both he and the Jordanian monarch "share a sense of urgency to succeed" in taking "bold steps toward peace."

In turn, King Hussein told Mr. Reagan after leaving the White House following a two-hour meeting: "We look forward, sir, to continuing our discussions in the coming days, and this is an opportunity for me to reaffirm a long-lived commitment for the establishment of a just and durable peace in the Middle East."

Mr. Reagan, announcing that U.S. and Jordanian officials would meet further here in the next two days, said he looked forward to conferring again with King Hussein before his departure later in the week.

Senior U.S. officials, remarking that both leaders shared a "sense of urgency" in the matter, said the discussions between sides of the king and the president, Secretary of State George F. Shultz and Philip C. Habib, the U.S. Middle East negotiator, would examine each other's positions further and try to refine some points.

But the senior officials said that they do not expect any "dramatic breakthroughs" and that although both sides agree on the urgency of the problem, they still had a long way to go.

The officials would not say whether Mr. Reagan had explicitly asked King Hussein to join the Israeli-Egyptian talks on resolving the Palestinian issue of self-government, but this desire was said to be implicit in the president's discussion.

The officials said King Hussein viewed the problem of Israel's building additional settlements in the West Bank "very seriously" and added that if the practice continued it would be difficult politically for the king to join the talks.

The U.S.-Jordanian talks during the next few days, the officials said, will explore ways to get around the issue of settlements in a manner satisfactory to the Jordanians.

EC Proposes 4.5% Increase For Farmers

Brussels — The European Commission has proposed average price increases of just under 4.5 percent next year for the European Community's 8 million farmers, officials said Tuesday.

But it suggested to EC governments that milk producers be given a rise of only 3.16 percent and that cereal farmers be paid only 3 percent extra, they said.

Milk and cereals are the community's two most expensive surpluses, and the EC spends billions of dollars every year in export subsidies to get rid of excess production. The lower-than-average prices proposed for those products were aimed at reversing the steep production increases of the last few years, officials said.

In contrast, the package of Paul Dalsager, the EC agriculture commissioner, for the annual spring increases suggests that poorer Mediterranean producers of olive oil and wine be given 5.5 percent more.

Beef and lamb producers would also be paid an extra 5.5 percent under the plan, while sugar producers would get a below-average 4 percent.

The officials said the annual price package would cost the EC about \$220 million in 1983 and \$620 million more in 1984.

The officials said that farmers in West Germany, Britain and the Netherlands would be offered less than the average increase because of proposed changes in their "green" currencies. These are used to transform EC farm prices, set in European Currency Units, into the different national currencies.

The commission has suggested that West Germany's green mark be revalued by 2.8 percent, cutting an equal amount off the value of the overall increase for its farmers. It also proposed revaluations of 2.3 percent for Britain's green pound and the Dutch guilder.

But the officials said that that aspect of Mr. Dalsager's plan was likely to run into fierce opposition from all three governments and that the changes were likely to be scaled down if not abandoned in negotiations over the next few months.

The package goes next to EC governments for what diplomats expect will be months of wrangling before agreement on a final package.

The officials said the proposal for much lower increases in 1983 than this year reflected, among other things, a major improvement in farmers' incomes over the past 12 months.

Soviet Plan On Missiles

(Continued from Page 1)

comparable to the SS-20, they said. Additionally, Mr. Andropov left unclear what would happen to the missiles he proposed to remove from striking range of Western Europe.

Noting that he said nothing about dismantling or destroying them, diplomatic analysts said the Soviet leader left open the option of redeploying them in the Far East against Japan and other Western allies in Asia.

"We are not in the business of concluding arms agreements in Europe that complicate security problems for Asians," a Western official said.

Mr. Andropov's speech was notably free of rhetorical bluster and belligerence, and he said that Moscow is seriously interested in talking with Washington about "confidence-building measures" between the two sides.

"Surely, the road to confidence, to preventing any and all wars, including an accidental one, is that of stopping the arms race and going back to calm, respectful relations between states, back to détente," Mr. Andropov said.

Seoul Dissident's Wife Fears Forced U.S. Exile

By Henry Scott Stokes
New York Times Service

SEOUL — The wife of Kim Dae Jung, the most prominent South Korean opposition politician, said that authorities here are forcing her husband into political exile against his will.

The government of President Chun Doo Hwan said Thursday that it had moved Mr. Kim, 57, to a Seoul hospital from a prison where he was serving a 20-year sentence for sedition. The authorities said they were willing to let him go to the United States to seek medical treatment for an arthritic condition, and that his sentence might be suspended.

Mr. Kim's wife, Lee Hi Ho, and South Korean Christian church leaders who are strong backers of Mr. Kim said late last week that the effort to move him out of South Korea was being carried out with the implicit approval of the United States.

"We are being forced out," Mrs. Lee, who retains her maiden name in accordance with Korean custom, said. "We have no choice."

The shift of Mr. Kim from prison was welcomed by the State Department after several years of negotiations by U.S. officials for his release. Mr. Kim's wife, who is 60, said Thursday that she planned to leave for Washington with her husband and two youngest sons.

But in interviews here before the weekend, Mrs. Lee and some Christian leaders said Mr. Kim had no wish to leave Korea and no need to go to the United States for medical treatment, and that he would prefer to remain in his homeland rather than go into exile.

Speaking on behalf of her ailing husband, who is held in a tightly guarded ward at Seoul National University Hospital and may see only one but, Mrs. Lee said he needed to have an operation for arthritis but could perfectly well have it in Korea.

Mr. Kim's wife said the government had set a Thursday deadline for the family to leave Seoul.

Mrs. Lee, who appeared distraught, said the question of

Sihanouk to Visit Area In Cambodia, He Says

BEIJING — Prince Norodom Sihanouk, head of an anti-Vietnamese coalition government, said that this year reflected, among other things, a major improvement in farmers' incomes over the past 12 months.

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Running On Empty

(Continued from Page 1)

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Israel Reported Ready For Talks on Lebanon

The Associated Press

BEIRUT — Prime Minister Shafiq al-Wazzan said Tuesday that talks among U.S., Israeli and Lebanese officials to arrange the withdrawal of all foreign forces from Lebanon might begin before the end of this week.

"Ambassador Morris Draper told Lebanese leaders that the Israeli side has shown tentative preparedness to begin the talks soon, possibly before Christmas," Mr. Wazzan said after a meeting with President Amin Gemayel.

Mr. Wazzan's announcement followed the disclosure that the Lebanese government had formally requested the earliest possible start for the talks and had completed a proposed agenda.

Official Lebanese sources said Mr. Gemayel and the foreign minister, Elie Salem, had made the request to Mr. Draper, a U.S. special envoy, during talks here on Monday.

Mr. Wazzan said Mr. Draper communicated Israel's initial response to Mr. Gemayel on Tuesday. Lebanese officials said Mr. Draper was expected to go to Israel within hours to complete arrangements for the opening session of the talks.

"Lebanon has asked for the earliest possible session, preferably this week, by the tripartite liaison committee to begin talks on withdrawal arrangements," an official said. He asked not to be identified.

The liaison committee is the term Lebanon uses for the U.S., Israeli and Lebanese negotiating teams that would meet to draft arrangements for the withdrawal of foreign forces from Lebanon.

The official said the Lebanese government had decided to leave the choice of venue for the talks to the United States, following Isra-

Official Says Israel Wants Curbs On Forces in Lebanese Buffer Zone

New York Times Service

JERUSALEM — The security zone that Israel wants in southern Lebanon would be off limits to all artillery, rocket launchers, anti-aircraft missiles and fortifications by the Lebanese Army, according to a senior Israeli official.

Under the plan, no international military force would be deployed in the 25-mile (40-kilometer) area, the official said Monday. Only Lebanese Army and police units would be allowed access, and they would not be authorized to have weapons able to reach towns in northern Israel.

In addition, said the official, who spoke on the condition that he not be identified, Israel wants Lebanon to agree to permit Israeli aerial reconnaissance flights over the area and to allow the establishment of monitoring stations manned by Israelis.

He said that during secret negotiations conducted over the last two months, mostly by Defense Minister Ariel Sharon, "authorized people" in Beirut had "basically agreed" on the security arrangements, although many details remained to be worked out by military subcommittees.

The official asserted that the plan, which was reportedly not government officials but was close to President Amin Gemayel, had indicated that Mr. Gemayel was prepared "to end the state of war" with Israel.

This, the official explained, would be expressed in a document that would fall just short of a peace treaty but would go beyond the proposal that he said had been made by the special U.S. envoy, Philip C. Habib, to end the state of belligerence. Lebanese-Israeli relations are now formally governed by an armistice agreement reached after the Middle East conflict of 1948 and early 1949.

The accuracy of the Israeli reading of Lebanese intentions could not be determined here. The identity of the "authorized people" was not made clear, although they were believed to be Phalangist Christians with ties to the Gemayel family.

Despite the Phalangists' presumed role in killing hundreds of Palestinian men, women and children in September in two Beirut refugee camps, Israel has maintained close relations with the faction and remains its main supplier of arms.

Mr. Sharon, who was reportedly frustrated by Mr. Habib's efforts, opened his own negotiations and kept their progress secret from the United States. He informed Mr. Habib during a meeting last Thursday that he had achieved "a real breakthrough" in getting the Lebanese to accept a working paper as a framework for talks.

Official Says Israel Wants Curbs On Forces in Lebanese Buffer Zone

U.S. Congress Blocks MX Production, Passes Record Military Budget

By Margot Hornblower

WASHINGTON — Giving with one hand and taking away with the other, Congress has approved a record \$239 billion in military spending for fiscal 1983 while telling President Ronald Reagan he cannot start production on the MX missile.

Despite handing Mr. Reagan a significant defeat on the land-based missile, the House called crucial to its military build-up, Congress did give the Pentagon a hefty 6-percent increase after inflation while cutting back on job programs and social welfare spending, as the president had requested.

The military measure was part of an omnibus appropriations bill, called a continuing resolution, that passed both houses Monday night. It was signed by Mr. Reagan on Tuesday.

Mr. Reagan originally requested a total of \$249 billion. That, however, was before the November elections, in which Democrats picked up 26 House seats and Republican senators found themselves sharply challenged as public opinion cooled toward increases in military spending.

"The MX became a symbol of defense spending," said Representative Jack Edwards, an Alabama Republican. Mr. Edwards said he had called the White House on Monday and "told them that if they wanted to see the roof come off the Capitol, they could vote 'this bill'."

The measure does not contain the \$988 million that the administration had requested for production of the first five MX missiles. Congress left \$2.5 billion in the budget for research and development on the weapon but said \$560 million of that could not be spent until Congress approved a basing plan for the MX.

The missile's problems in Congress are partly the result of the controversy about the administration's "dense pack" deployment plan. Mr. Reagan proposed that the first 100 missiles be bunched together in a small area near Cheyenne, Wyoming, on the theory that attacking Soviet missiles would be destroyed by the force of their own explosions.

The plan was ridiculed in Con-

gress as unworkable. If the president again recommends it to Congress next spring, Mr. Edwards said, "he'd better come back with a lot of briefers or he'll suffer another defeat, I'm afraid."

The battle is guaranteed to be fought again in the spring because the measure approved Monday calls on the president to submit a basing plan by March 1. Congress would then be committed to voting on the proposal within 45 days.

While the bill cuts out procurement funds for the missile, a face-saving provision attached by Senator Ted Stevens, Republican of Alaska, says that after Congress approves a basing method missiles built for research and development could be deployed in some circumstances.

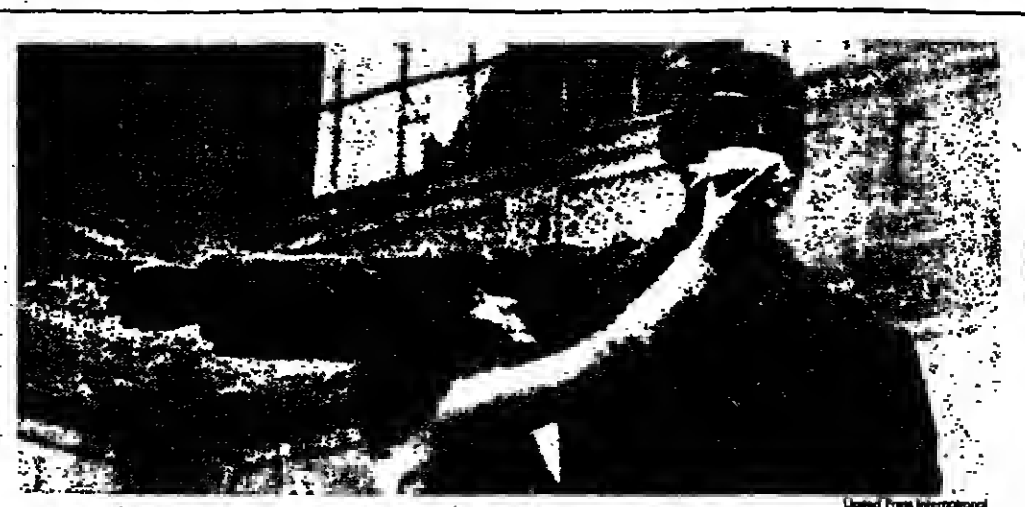
Congress also attached a provision that prohibits flight testing of MX missiles because the unratified strategic arms limitation treaty between the United States and the Soviet Union permits each country only one land-based missile. Supporters of the restriction argued that, should the MX be flight tested and then shelved, it might still count as the U.S. missile under SALT-2.

Congress also approved these military-related provisions:

- A ceiling of 315,700 on the number of U.S. troops in Europe. The president had planned to deploy 320,000 this year and still could if he declares to Congress that "overriding national security requirements make such action necessary."

- Deletion of \$498 million in procurement funds requested by the president for the Pershing-2 missile, scheduled to be deployed in West Germany at the end of next year. The weapon has failed several tests, and congressional leaders said the funds could be restored in a supplemental spending bill after its technical problems are resolved.

- A reduction of \$328 million in funds for procurement of the A-10, a plane championed by the House military appropriations subcommittee chairman, Representative Joseph P. Addabbo, Democrat of New York, in whose constituency it is produced. The bill, however, left \$29 million in the program.



A journalist places tape on the mouth of the statue of a 19th-century Mexican congressman during a protest against a libel bill that the journalists say would limit freedom of the press.

Mexican Journalists Protest Bill on Libel

The Associated Press

MEXICO CITY — About 200 Mexican journalists conducted a

silent vigil in the center of the city Monday, covering their mouths with masking tape to protest a proposed libel law that they say would limit press freedom severely.

The demonstrators gathered outside the federal Senate building on debate on the controversial law continued, then marched through the center of Mexico City. At one point, they stopped to tape the mouth of a statue of Francisco Zarco, a leading 19th-

century congressman and defender of press freedom.

Rigoberto López Quezada, national secretary of the Mexican Union of Journalists and organizer of the demonstration, said that the protest was necessary because the proposed libel law is an "attempt to limit our freedom of expression."

The Chamber of Deputies overwhelmingly approved the proposed amendment to the civil code last week and sent it to the Senate for debate. The amendment would punish "moral damage" to Mexican citizens with

unspecified fines to be set by civil court judges.

The bill defines "moral damage" as "the effects a person suffers in his feelings... beliefs, decorum, honor, reputation, private life, configuration and physical aspect, or by the consideration other people have of him," as a result of another person's action.

The ruling Institutional Revolutionary Party denied Monday that the proposed revisions would infringe on constitutional guarantees of free expression and press freedom.

De Lorean Boasted of IRA Backing For Cocaine Deal, Documents Say

By Judith Cummings

LOS ANGELES — John Z. De Lorean, the automaker who is charged with promoting a \$24-million cocaine deal, boasted on videotape that the Irish Republican Army would back him in the deal by contributing money and force, according to government papers.

An affidavit filed Monday by an assistant U.S. attorney, James P. Walsh, said the government had recorded Mr. De Lorean on videotape at a meeting Sept. 4 at L'Enfer, Plaza Hotel in Washington. The document said Mr. De Lorean told of a "very tight relationship with the IRA."

During the meeting, according to the affidavit, Mr. De Lorean said the only reason that his company was able to survive in "the most difficult terrorist area in all of Northern Ireland" was because of this relationship.

Howard Weitzman, one of Mr. De Lorean's lawyers, called the allegations "ludicrous."

Mr. Weitzman, who said he had seen the tapes, also termed the accusations "outside the scope of the case" and voiced anger that "an assistant United States attorney would put out this type of information."

He said he doubted that the prosecution would be able to submit the purported statements about the IRA as evidence in the trial, which is now set for April 19. Mr. De Lorean situated his now-defunct sports car company, the De Lorean Motor Co., in Northern Ireland by arrangement with the British government. In October, Britain declared the company financially insolvent and closed it, at a time when the United States maintains, Mr. De Lorean was seeking to save it through profits

to be made in a major cocaine conspiracy.

The statements were disclosed by the federal prosecutor's office in its response to a request by Mr. De Lorean's lawyers. They wanted to know what evidence the government had for its charge that Mr. De Lorean, 57, was the financier of a conspiracy to sell cocaine.

The meeting was one of several at which Mr. De Lorean purportedly discussed arranging the deal with a man who turned out to be a government informant.

Mr. De Lorean made his remarks about the IRA, according to the Walsh affidavit, "in the context of a threat that his interests would be protected by the terrorist strength of the IRA." Mr. De Lorean said the IRA was a partial sponsor of "our project" and called the organization "our protectors," the papers said.

Mr. Walsh, who is the chief government prosecutor in the case, said Mr. De Lorean also "stated that he was getting the money to finance the narcotics deal from the IRA."

In fact, Mr. Walsh said, in other

conversations of which the government had voice or videotapes, Mr. De Lorean asserted that his "contact man in the IRA" had traveled to the United States "to check on arrangements for the financing of the load of narcotics."

The prosecution refused to identify the informant or informants in its case, because of what it said was Mr. De Lorean's "admitted close relationship with the IRA and the well-known propensity of narcotics violators to commit violence against government witnesses."

The key informant against Mr. De Lorean has been widely identified as James T. Hoffman, an aircraft salesman who has been identified in court papers as a key informant in drug investigations in the Los Angeles area.

Mr. De Lorean's lawyers have demanded the informant's identity, reportedly to prepare an effort to compromise his credibility.

Mr. De Lorean was arrested on Oct. 19 in Los Angeles by federal agents, who said they caught him as delivery was made on the cocaine.

■ **IRA Denies Accusation**
The IRA denied Tuesday that it had any ties to Mr. De Lorean and called him a "gangster" who helped Britain's effort to undermine IRA support in Northern Ireland. United Press International reported from Dublin.

"In Ireland, we treat as an offense anyone who falsely uses the name of the Irish Republican Army to impress people, abuse people or exorcise themselves from situations of their own making," the IRA said in a statement. "We do not take lightly Mr. De Lorean's lies, nor will we forget them should he ever bump into us."

Strike at Times of London

United Press International

LONDON — A strike by electricians prevented publication Tuesday of The Times of London and reduced printing runs of The Guardian, officials said. The strike by 92 electricians refusing to operate new machinery completely halted printing of The Times. The Guardian, which prints its London editions on the presses of The Times's sister newspaper, The Sunday Times, lost about 200,000 copies but was still printed in northern England, the officials said.

Heart Pace Linked to Clark Crisis

By Lawrence K. Altman

New York Times Service

SALT LAKE CITY — One possible cause of the failure of Dr. Barney B. Clark's artificial heart last week may have been an "overzealous" attempt to make his heart beat too fast, his doctors say.

In describing Dr. Clark's condition, they also reported that he stood by himself Monday for the first time since the heart was implanted Dec. 2 and that he sat for a while in a chair again. The physiological responses were normal, according to Dr. William C. DeVries, who heads the medical team at the University of Utah.

Dr. DeVries said the team had learned that making the device pump too fast could be dangerous. As a result, the doctors have deliberately kept the polyurethane device beating slower than it had been just before Dec. 14, when a valve broke, forcing an emergency operation.

"Maybe we should not have been pumping as vigorously as we were" just before the failure, Dr. DeVries said.

The doctors can regulate the speed and force of the artificial heart's beat. If the left side of the device pumps too fast or too vigorously, Dr. DeVries said, "We end up paying a price for it."

One price, he said, is that "we may end up putting an undue stress on the valve structure."

However, he declined to blame excessive speed and force specifically for causing the broken mitral valve, a one-way mechanism that regulates the flow of blood between the two chambers on the left side of the heart — the atrium, the upper chamber, and the ventricle, the lower chamber.

The broken valve, he said, also could have been caused by "the fact that the pressure in the left atrium might have been too high or too low, it might have been overpumping, the systolic blood pressure might have been too high

or too low, it may have been a defect in the valve."

"Then a million little things that can happen, and I can't tell which one caused it," he added.

Dr. DeVries also credited the artificial heart with saving Dr. Clark's life when the valve broke. The doctors could regulate the amount of blood flowing through each side of the heart, thereby preventing a potentially fatal condition called acute pulmonary edema.

He said that after the fault developed, doctors had ended on 70 heartbeats a minute as a middle range in controlling Dr. Clark's blood pressure and the amount of oxygenated blood the heart pumps.

Dr. DeVries said there was no sign of infection and Dr. Clark is no longer receiving antibiotics. Moreover, he said, the patient has become more alert in recent days and his sense of humor is returning.

Dr. Clark is expected to be able to speak later this week when the doctors change the type of cuff on the breathing tube that fits in the hole in the front of his neck.

Although Dr. DeVries called the research aspects of the experiment "an extreme success," he emphasized that the retired dentist "is still a very, very sick man." Dr. Clark is "only halfway through a marathon," he added.

Asked about criticism directed at the Utah team by Dr. Denton Cooley, the Houston surgeon who had failed in his attempts to use an artificial heart, Dr. DeVries pointed out that the Utah heart differed significantly from the one used in Houston.

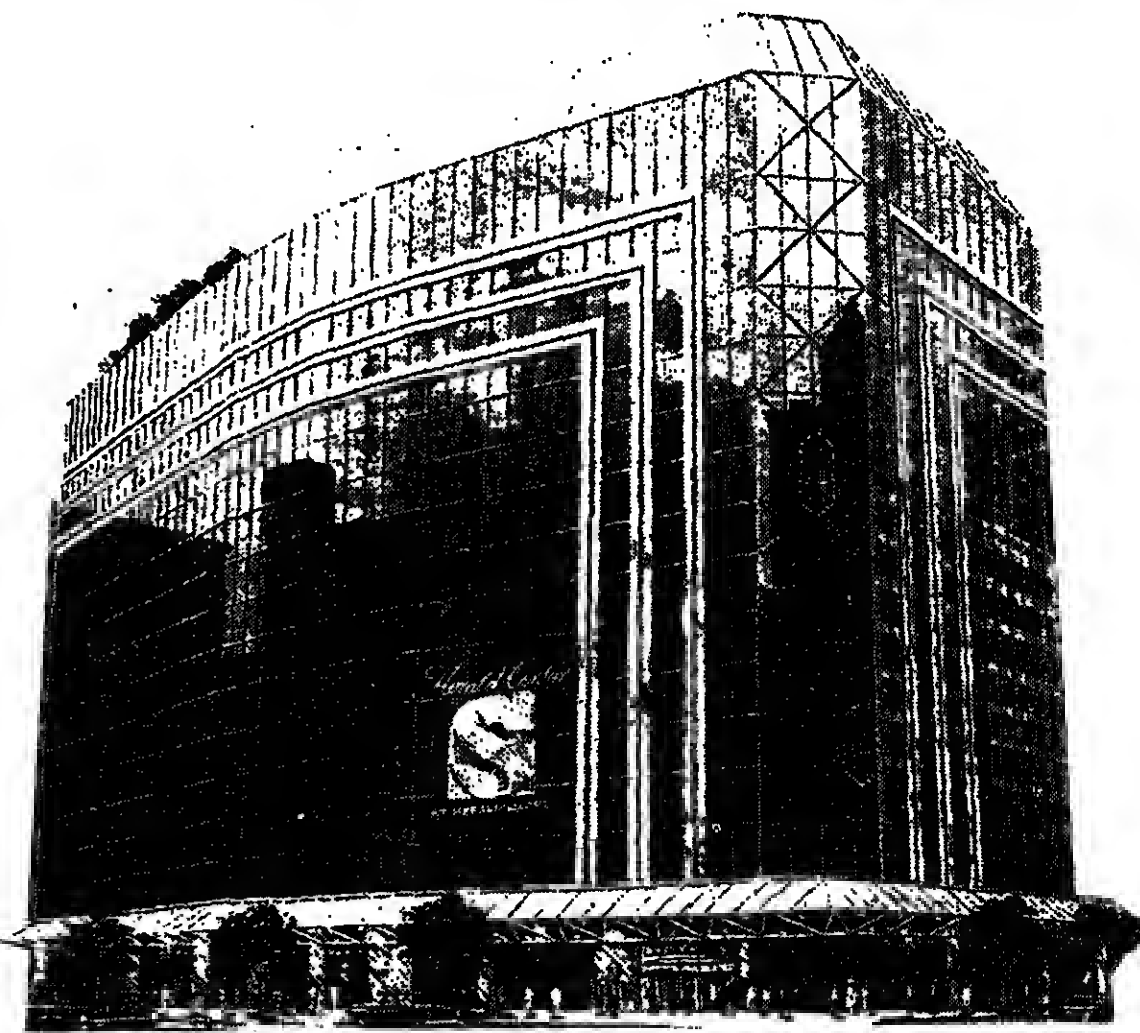
"The proof of the pudding is in the eating," he said. "We will have to see if the quality of life is better, and the patient got some benefit from it."

Although Dr. DeVries spoke cautiously throughout the news

conference Monday, he ended it on an optimistic note. Asked what Dr. Clark's chances were of leaving the hospital, he said, "Very, very good."

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Reagan Signs Legislation To Provide Agency Funds

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan signed a compromise spending bill Tuesday providing emergency funds for government agencies that technically had gone broke on Saturday, the Senate majority leader, Howard H. Baker Jr., announced.

"I was just called to the telephone by the president, who said he has signed the bill," Mr. Baker, a Tennessee Republican, told the Senate.

Earlier Tuesday, Larry M. Speakes, the deputy White House press secretary, said the levels of spending in the bill "are consistent with what we sought."

Congress, rushing toward completion of its special post-election session, passed the spending measure Monday night. It included a \$9.138 pay increase for House members but contained neither of the public service job programs that the House and Senate had drawn up earlier.

Mr. Speakes sought to portray the special session as a success,

saying that Mr. Reagan had called the session to get approval of appropriations measures.

The Senate approved early Tuesday a 5-cent-a-gallon increase in the federal gasoline tax that Mr. Reagan had sought. The measure, which must go back to the House for additional action, is designed to pay for highway and bridge repairs and to create jobs.

Mr. Speakes said Mr. Reagan would continue pushing for passage of his Caribbean basin initiative, which is designed to aid countries in that region.

The president's threat to veto the spending bill caused House-Senate negotiators to strip from the measure both a \$5.4-billion House-passed job program and a similar \$1.2-billion job package that had been passed by the Senate.

Moscow Gives Up Chance to Bid on Cheap EC Butter

Reuters

BRUSSELS — The Soviet Union has turned down the chance to buy up to 25,000 tons of cheap butter from the European Community as no offers had been received from Moscow when a subsidized sale by tender expired Monday night. The Kremlin apparently felt the few subsidies expected from the European Commission would not be attractive enough, officials said Tuesday.

France, likely to be upset by the failure of the tender, is expected to step up pressure for butter to be sold to Moscow under the normal subsidy system available to other countries, the officials said. They said France feared that the United States, which also has a large butter surplus, would win the deal.

The EC said last month that it was prepared to resume butter sales, ending a ban imposed after the Soviet intervention in Afghanistan in December 1979. But the commission, sensitive to public opposition in some member states, notably Britain, introduced rigid rules for exports to ensure that the Soviet Union did not get butter on special terms.

The officials said that France was likely to maintain its veto on a 1983 dairy import deal between Britain and New Zealand until sales to the Soviet Union were resumed. Britain normally buys 90,000 tons of butter a year from New Zealand under a deal negotiated when it joined the community.

Spaniard to Visit Morocco

United Press International

RABAT, Morocco — Fernando Morán, the Spanish foreign minister, is scheduled to arrive Thursday for three days of talks that will indicate the Socialist regime's attitude toward the Western Sahara, which has been annexed by Morocco, diplomats said Tuesday.

Herald Tribune

Published With The New York Times and The Washington Post

Movement on Missiles

At last, after a long year of stalemate, there may be hope for negotiations to limit nuclear missiles in Europe. The Russians, after refusing to budge from unrealistic proposals, now hint that they would cut their medium-range missile force in half if the United States would give up plans to station similar missiles in Europe. It is a welcome if belated sign. Whether serious talks can now follow depends on the Reagan administration. Can it respond with political adroitness, or will it let itself be immobilized by military rigidity?

President Reagan made the opening move in this European chess game in November 1981. Among other things, he offered to forgo medium-range missiles in Europe if the Russians dismantled theirs — the so-called "zero option" or "zero-zero" proposal. It was a sound first move, temporarily defusing the anti-nuclear movement in Europe that Moscow hoped would split NATO.

But zero-zero was only a first move. The Pentagon refuses to budge from that position, yet it would be utopian to expect the Soviet Union to destroy all its existing missiles to avoid U.S. deployments. A more imaginative response is essential. Otherwise Moscow will be able to exploit its new flexibility, particularly during Foreign Minister Andrei Gromyko's visit to Bonn next month.

Moscow now hints that it might reduce its force of about 600 missiles carrying 1,250 warheads to 250 modern SS-20s. Of these, 150 with 450 warheads would be within range of NATO Europe. Numbers like that could be a basis for negotiation if validated by formal proposals without loopholes. A sensible U.S. response would offer fewer U.S. deployments. That might even achieve something closer to "equivalence" in land-based forces

than trying to match the full Soviet force with 572 single-warhead U.S. missiles.

What needs top-level recognition in Washington is that the issues are more political than military. The number of medium-range missiles in debate is small compared with Soviet and American strategic forces, which could threaten much the same targets. The West has lived with a disparity in intermediate land-based missiles since the mid-1950s. When hardware solutions to this were finally abandoned, they were replaced by improved nuclear consultation in NATO and by America's committing strategic submarine-launched missiles to Europe's defense. Then the Russians upgraded their missiles and West Germany's Chancellor Helmut Schmidt called for American countermeasures.

The Pentagon felt that its strategic forces could handle the new threat, too. But the Joint Chiefs later decided that land-based missiles in Europe that could reach Russia would reassure Europe and usefully supplement American strategic forces that the SALT-2 treaty was about to limit.

Thus the military factor was relatively marginal compared to the fragile consensus achieved in 1979 when NATO decided to deploy U.S. missiles as a basis for negotiating limits on Soviet missiles. Preserving that consensus now must be America's main objective. It is no easy task. A reviving anti-nuclear movement has divided opinion in Europe and brought governmental instability to West Germany. Britain's Labor Party favors unilateral nuclear disarmament. The Pentagon may insist that deploying some specific number of missiles in Europe is essential to nuclear chess — but so what, if Europe won't play?

—THE NEW YORK TIMES

Immigration Untended

Congress has walked away from immigration reform. It was a tough issue and there were powerful forces at both ends of the political spectrum that refused to compromise. After a few hours of debate, mostly in the middle of the night, House leaders decided they did not want to devote the necessary time to deal with amendments and discussion, and the bill was taken down. The conventional wisdom is that a serious immigration reform bill will not be considered again for another five years. Why should that be?

There is a consensus that America has lost control of its borders. It is estimated that there are as many as 10 million illegal aliens in the country already, and the flow from economically troubled areas of the world continues. Some employers profit from this influx of cheap labor; some ethnic political groups are happy to build up their constituencies. They want amnesty for those undocumented immigrants who are already here, and they don't want sanctions against employers who knowingly hire illegals.

In August, by a vote of 80 to 19, the Senate passed the Simpson-Mazzoli bill containing provisions for both amnesty and sanctions. The House Judiciary Committee reported the bill, and it was expected that a large majority of House members would have supported it had they had an opportunity to vote. But

agreement on both elements of the compromise was essential. As Rep. Barney Frank of Massachusetts remarked, "It may no longer be the case that love and marriage go together, but amnesty and sanctions sure do."

Opponents of sanctions may have succeeded in sidetracking the bill this month, but they are playing a risky game. They have left 10 million illegal aliens in limbo by not acting on a bill with generous amnesty provisions. If the American economy does not improve quickly, and if unemployment continues to rise, it is possible that public sentiment will turn against the undocumented aliens and that support for amnesty will diminish. By offering no reasonable alternative to employer sanctions, they leave themselves open to a charge that they affirmatively favor unlimited, uncontrolled and illegal immigration. There is little support for this position in Congress or in the country.

The Simpson-Mazzoli bill remains a good compromise, devised by thoughtful legislators, supported by the administration and the broad center of experts and policy-makers. It was not defeated last weekend, just delayed. It belongs high on the list of matters to be considered by the new Congress and deserves the support of all but those who, for their own reasons, prefer the chaotic status quo.

—THE WASHINGTON POST

Other Opinion

The Spooks Startle Italy

Italian ministerial statements have accentuated the impression that our country has been a theater for the worst communist espionage for far too long.

—Il Giornale Nuovo (Milan).

The Italian government ought to take steps — but they would concern all of the West.

—Corriere della Sera (Milan).

Toward the End of OPEC?

OPEC's troubles stem from the incompatibility of its members' interests. Broadly speaking, the Gulf producers, with the exception of Iran and Iraq, have always realized the importance of not killing the golden goose by pushing prices up to levels which choked off demand. Unfortunately for OPEC, heavily populated countries like Nigeria, with an unlimited propensity to spend oil revenues, have never been in a position to take such a balanced long-term view.

The consequences of OPEC breaking up are difficult to gauge. Because there has hardly ever been a genuine free market for oil, even the experts have little idea how far prices might have to fall before stabilizing.

—The Daily Telegraph (London).

The once all-powerful cartel is now in real danger of coming apart. If it does there will be few, outside OPEC, to mourn its passing.

A House Message to Japan

How many of the 215 House members who voted [last week] for "domestic content" legislation to restrict auto imports truly believe that the bill would create jobs? The number probably would fit into a small Toyota. The House was really voting for a strong warning to Japan to liberalize its import policies. The alleged job-creation purpose is just fluff.

The Reagan administration has already told Japan bluntly that it must liberalize its import policies quickly or see protectionist sentiment in the United States swell. The House vote underscores the seriousness of that admonition. Domestic policies in Japan will not make it easy for Prime Minister Yasuhiro Nakasone to lower trade barriers. Domestic politics in the United States could make it enormously harmful to both countries if he does not.

—The Los Angeles Times.



Latin America May Have Much Worse to Come

By L. Ronald Scheman

WASHINGTON — It is no secret that current U.S. economic policy has had a devastating effect on the developing countries. But the real issue is not the current financial debacle in Mexico and the other debtor nations. The real trouble is still a year or two down the road. The reason: regardless of how the various sides renegotiate their way out of present crises, little new money will be flowing to the Western Hemisphere.

To see the present in context, recall that the fuel for the development of Latin America in the 1970s was the \$200 billion of funds from the private Eurodollar market. That flow in the past decade should have increased gradually over the next decade in order to maintain the levels of private and infrastructure investment, and even normal government activity.

Instead it will now level off. The banks have reached their limits of lending; the countries have reached their limits of borrowing.

Part of the problem is the enormous amount of capital that has been drained out of Latin America by high interest rates and energy costs. Virtually all of the debt is on a floating interest rate. This means that every time the interest rates rise one point, an additional \$2 billion of capital annually has to be paid out.

A three-point rise in the interest rates drained more capital than all the official flows could possibly replace — more than half a dozen Caribbean Basin Initiatives or 10 Cancio conferences could offset.

The result is that even if the United States turns around its own economy, Latin America is now flat. Currency devaluations have decapitalized not only governments. Many major businesses that had dollar obligations are approaching insolvency.

Two other critical factors complete the bleak picture. The prices of Latin American exports are down and projected to stay low with reduced demand from the industrialized countries. Worse, capital flight, always a problem, is increasing in frightening proportions. What happened in Mexico is history. Recent flows from Venezuela and Central America are reaching intolerable levels.

Add up these four factors — two on the income side and two on the outgo side — and the result is a situation that is nearly unmanageable.

Given the population growth of Latin America, the implications are plain: increasing unemployment and enormous pressures, which governments will be unable to satisfy. Ex-

pectations aroused in the past two decades of rapid development could well explode in the frustration of millions of young people whom the various societies have gone to great lengths to educate.

The more the gap between needed and available capital widens, the more the needed investment, infrastructure and public works are reduced and the closer the Latin American countries come to unmanageable unemployment.

While Latin America is a major problem because of the size of its debt, the issue affects the entire world. The other side of the coin is that the policies of recent years have created major pools of ungoverned money: Eurodollars, petrodollars and other funds that are beyond the control of any government.

They flow in fads; first gold, then real estate, then certificates of deposit, now the stock market. They leave devastation in their path.

These dollars, governed neither by the U.S. Federal Reserve (because they are exported) nor by the European governments (because they are foreign currency), are enormously volatile. No audits, no reserves, no rules on where or what to finance.

By Albert Fishlow

BERKELEY, California — President Reagan started his recent trip to Latin America on the right note. By placing economic issues front and center in Brazil, and by offering U.S. assistance, his administration went some distance in reconstructing its Latin American and Third World policy. Unfortunately, that theme got lost somewhere over the Amazon. The focus in Central America shifted back to East-West competition, obscuring rather than clarifying that difficult situation.

The warm glow in Brazil may even turn out to be a mere blush. That country's economic problem was wrongly interpreted as only a temporary shortage of cash.

To be sure, the short-term \$1.2-billion U.S. loan has helped unleash private funds that will enable Brazil to get through until negotiations are completed on a formal IMF loan early next year. The world's bankers can breathe easier at the prospect of a unilateral moratorium or a rescheduling of their \$60-billion exposure recedes. Financial markets already buffeted by a rash of developing-country arrears would not have tolerated a Brazilian default gracefully.

That perspective ignores the dismal year that looms ahead for Brazil. The price for even limited financial support is domestic austerity of dramatic dimensions. The counterpart to the cutback in commercial borrowing from \$17 billion in 1982 to a pro-

posed \$9 billion in 1983 is a significant decline in real income and spending. This will be the third year in a row of Brazilian stagnation, a performance unprecedented since the beginning of the Great Depression and inconsistent with national aspirations, needs and potential.

The extent and cause of the sacrifice will not go unnoticed internally. Recent elections have confirmed the vitality of the Brazilian *abertura* — the restoration of a political process begun in 1974. Voices have already been raised questioning the logic of an economic strategy whose integration in a stagnant world economy restricts productive capabilities.

Brazil has had its access curtailed to the foreign exchange that it needs to keep its economy growing. It can neither borrow nor export its products to industrialized economies in the throes of a recession. And, unless that dismal perspective improves through 1983, there will be an increasing temptation to emphasize another strategy — one that unilaterally limits payments on the debt and re-creates the economy through domestic demand. That is what happened during the 1930s, when Brazil grew while other countries stagnated.

The financial issue is not to find the \$2 billion that Brazil needs to close its accounts for 1982, over the

minimum \$4 billion in new loans programmed for next year. Rather, it is to facilitate a capital flow next year and for several years thereafter large enough to give the economy room for recovery rather than deeper recession. Paradoxically, the most effective solution to a debt problem is more debt — that is, if future repayment is facilitated. In the medium term, that means finding ways to absorb growing Brazilian exports. Recovery from the present recession is only a first step, just as the financial dimension is only the tip of the iceberg.

Brazil, however, is not an isolated case. There is about \$600 billion in outstanding loans to developing countries. By emphasizing a bilateral approach in Brazil, the Reagan administration failed to define the debt problem adequately. For all countries simultaneously to follow drastic austerity programs is not a solution, but failing to recycle the petrodollar surplus in the first place.

There are obvious differences among debtor countries, but there is also a basic similarity: The combination of the shocks of 1979's higher oil prices, a dramatic reversal in real interest rates and continuing recession in industrialized countries has reduced their present capacity to meet their obligations.

What is indicated — for the sake of the banks, the world economy and the developing countries — is greater rather than immediate adjustment to these new conditions, which are not of those countries' making.

Ironically, once back in Washington Reagan administration officials seem to be more aware of this. Treasury Secretary Donald Regan has not only turned 180 degrees in throwing his support behind a significant increase in resources for the International Monetary Fund, but has also proposed a broader reform of the international financial system.

The right place to have made the point would have been Brazil, which has been arguing that position all along. Moreover, in the process President Reagan would have confirmed Brazil's status as an important actor in world affairs.

It remains to be seen how far this initiative will carry. To begin with, the Reagan administration must concede that its "prudent" policy of internationalized countries has been charity. They have felt that it might become a platform for inactivity.

If the challenge is to be met, the developing countries have as great a responsibility to exercise good judgment as do the developed countries. Serious, constructive efforts are essential. If we do not act, we may find that our inflationary excess of many years may have brought the stark choices of social revolution or repression to the developing world faster than anyone might have imagined.

The writer is a professor of economics at Yale and a visiting professor at the University of California in Berkeley. He served as deputy assistant secretary of state for inter-American affairs during the Ford administration.

The writer is assistant secretary for management of the Organization of American States.

They must be brought under control and provided with incentives to serve world development.

Because the private banks and the public sector, price structures, debt moratoriums, interest rate freezes and other measures must be considered, everyone and everything is involved. Anything short of a comprehensive settlement will be only patchwork.

The only solution may be a comprehensive world conference on the order of Bretton Woods in the 1940s, involving both the public and the private sectors. Such a meeting has been called for in the past, but the industrialized countries have been charity. They have felt that it might become a platform for inactivity.

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Now to See Whether Shultz Applied More Than Band-Aids

By Flora Lewis

PARIS — George Shultz's first tour of Europe as secretary of state had a remarkable impact. If he weren't so determined to avoid trumpeting and to mute his public voice to pleasantness, it could be called a triumph.

France's foreign minister, Claude Cheysson, is a completely contrasting personality. He likes to dazzle, to pique, to parry. He is talkative, to the point of frequently contradicting himself by exaggerated statements for extra effect. It was Mr. Cheysson who said not long ago that the French-American relationship was on the brink of divorce.

Yet after a formal dinner in the sumptuous salons of the Foreign Ministry, Mr. Cheysson and Mr. Shultz gave an impromptu press conference that oozed chummy affection. They took turns answering questions, calling each other Claude and George, stressing how much they agreed and how fully each could rely on the other's "good faith."

It is one of the perplexities of the French-U.S. relationship that when serious issues divide them, the talk all tends to be peaches and cream, and when the troubles are trivial or superficial they snap and snipe acerbically at each other. Perhaps it is a subconscious corrective, for the enduring fact remains that basic interests require both active partnership and independent, unyielding will.

A major issue during Mr. Shultz's trip was the development of long-term guidelines on East-West trade so that the Russians cannot draw strategic advantage from competition among the allies. For the moment, there is agreement "to study" the problem, which has been a source of Western squabbles for a generation. This is the device Mr. Shultz concocted to get the United States off the hook of its ill-considered sanctions on the European-Soviet gas pipeline deal. France accepted the idea but balked at its first purpose, which was to save face for the administration.

Underlying positions are unchanged. The administration is still trying to bind allies into economic constraints on Moscow, and France is still adamantly insisting that it will not accept "an economic NATO," as the Elysee spokesman put it. The likelihood is that neither will the other Europeans or the Japanese, but they don't feel the same oiled as Paris to make a show of their resistance.

So there are bound to be future spats. Meanwhile, the question is how Mr. Shultz managed to smooth so many ruffled feathers. His balm was most noticeable in Paris, because that is where the friction was most spectacular. But he had the same effect in all the

other capitals, including Brussels, the focus of a truly fierce dispute over civil European and American agricultural exports, and London and Bonn, where there is concern that the United States will refuse to seek a compromise with Moscow on Eurodollars.

Certainly, style and personality are part of his magic. He is the opposite of combative, using long, vaguely suggestive sentences to avoid points of confrontation. His interlocutors all mention with warm appreciation his willingness to listen to them at length and, apparently, to take account of their views.

The Europeans liked Alexander Haig too, because he was fighting people in the Reagan administration who were trying to bludgeon them into line. Now they realize that secretary of state is a two-sided job and that a successful secretary these days has to be as much of a diplomat inside the U.S. government as he is with foreigners. Mr. Shultz is miles ahead of Mr. Haig on this score. As a result, his hosts have applied a series of Band-Aids to smoothening the frayed edges of the alliance, but for what? The problems of Central America are getting worse, but they have not escalated into the critical "East-West test" announced at the

start of the Reagan term. The Reagan Middle East plan is welcomed by Europeans as a new edging away from unconditional support for Israel. Treasury Secretary Donald Regan's suggestion of an "international monetary review" is considered a step back from Washington's previous refusal of European pleas for adjustment to their economic distress.

While the president still insists on his "zero option" in Eurodollar talks with Moscow, he is also saying that "reasonable" Soviet counterproposals will be considered.

A trade war has at least been postponed. The pipeline fight is defused, although, despite the Claude & George show, the fundamental question of dealing with the Russians is still a source of controversy. At the first meeting to prepare for the seven-nation economic summit meeting in Williamsburg, Virginia, next May, it was agreed that leaders would not issue a communiqué, so there will not be another Versailles fiasco, with words used to hide conflicting policies.

The next question is whether Mr. Shultz has applied a series of Band-Aids to smoothening the frayed edges of the alliance, but for what? The problems of Central America are getting worse, but they have not escalated into the critical "East-West test" announced at the

The New York Times.

After Balsemão's Retreat, a Change of Course in Portugal?

By Ken Pottinger

LISBON — The ship of state seems to be changing course in Portugal, after the resignation of Prime Minister Francisco Pinto Balsemão as head of a center-right coalition government.

The three-party Democratic Alliance since the death in a December 1980 air crash of its founder, Francisco Sá Carneiro. Taking over the alliance at a time of national grief, Mr. Balsemão found himself leading a Social Democratic Party unable to put the loss of its hero behind it, and a coalition weakened by the disaster.

His two years in office were marred by constant guerrilla war by his party critics, which led in August 1981 to his resignation and subsequent re-election as premier in a contorted bid to bring the bickering under control.

But things got worse, with the help of a deteriorating economic situation. The last straw was the setback in nationwide polling on Dec. 12 for control of town and district councils. The Democratic Alliance lost 5 percent of the total vote and saw its main opposition, the Socialist Party, make correspondingly strong gains.

Although the alliance retains a secure parliamentary majority and has a mandate to govern until 1984, Mr. Balsemão had publicly made clear that the local elections were to be a test of his popularity and policies, and his critics seized on the outcome to stress his failure.

Reportedly fed up to the teeth with the constant attacks, Mr. Balsemão interrupted a weekend meeting of his party's top leadership to announce

his "irrevocable" decision to resign. The Social Democrats, as the major party in the alliance with the Christian Democrats and monarchists, is charged with finding a new prime minister, but the task has been complicated by the lack of candidates.

The country seems to be watching the unwinding in slow motion of the Democratic Alliance and consequently by the end of three years of conservative government in Portugal. Such a development would have fundamental effects on the future direction of this eight-year-old democracy.

Two scenarios suggest themselves: • The alliance collapses and President António Ramalho Eanes calls early general elections, from which the Socialists emerge with a relative but not an absolute majority. To ensure a stable government the Socialists make a pact with the Social Democrats, finally bringing about the realignment of political forces in Portugal to a three-party system consisting of a strong right based on the Christian Democrats, a stronger center based on Socialists and Social Democrats, and a stable but smaller left based on the Communists.

Before this option could materialize, Mr. Balsemão, already reconfirmed as leader of the Social Democrats, will have to purge his opponents from the party. This is likely to take place at a specially convened national congress already being mooted for the first days of the new year.

• Mr. Balsemão cleans out his party and after weeks of trying fails to

find a suitable successor as premier. In the national interest he agrees to drop the "irrevocable" decision of his resignation, and is reappointed prime minister at the head of a newly unified coalition and with a strong team of ministers ready to face the economic storms blowing up in 1983.

Of the two possibilities, the latter seems too Byzantine to be admissible, but there have been more convoluted solutions to previous Portuguese crises, and so it cannot be ruled out.

Should the more conventional first alternative be chosen and should the

Socialists emerge victorious, it would signify a major change in the country's direction, with Portugal following France, Greece and Spain into the ranks of socialist administrations.

The fall of the conservatives would leave undone certain fundamental reforms in the public sector, such as the authorization of private banks and the redrafting of worker-biased labor laws, which the alliance had promised to carry out. It would also mean a delay in the promulgation of the 1983 budget, the toughest the country has seen since the revolution, and a hi-

atus in negotiating short- and medium-term loans required to help meet Portugal's \$12-billion foreign debt.

A Socialist-Social Democratic government might find it easier in the present European climate to bring about Portugal's entry into the European community, now threatened by Socialist-ruled France's stalling tactics. But it could scarcely resolve the pressing national economic problems without playing the same tunes as its conservative predecessors.

All in all, Christmas for Portugal's politicians this year is likely to be anything but uneventful.

International Herald Tribune.

LETTERS TO THE EDITOR

Business as Usual

Regarding "Trade Gap Swells; Record Seen for Year" (IHT, Nov. 27):

The U.S. Commerce Department reports a deficit of \$35.1 billion for the first 10 months of 1982. U.S. export promotion has been moved to the Department of Commerce. Advertisements have been placed in the International Herald Tribune for business people to enter this program. The increase in the trade gap does not indicate improvement.

Most of the foreign commercial officers are still the same professional civil servants with little international business experience, transferred from the State Department to Commerce. We recently asked at one U.S. Em-

bassy in Europe what financial guarantees or business loans were available to firms actively exporting U.S. products. The answer: "Administration policy requires that private business must support itself."

THAD N. SCHOTT, Copenhagen.

A Finnish Denial

Regarding "Soviet Herd Appears Threatened by Outbreak of Livestock Disease" (IHT, Dec. 14):

The Finnish Agriculture Ministry has issued a denial that Finnish authorities have inoculated cattle in Finland and have suspended Soviet meat imports because of the reported outbreak of foot-and-mouth disease in

the Soviet Union. There have been no such inoculations in Finland. And because Finland does not import meat from the Soviet Union, no suspension of such imports could take place.

JOUNI LILJA, Press Counselor, Embassy of Finland, Paris.

Editor's note: Robert Gillette of the Los Angeles Times replies: "If any error exists in my report, I regret it. I state that the ministry's statement does not deny that Soviet authorities privately acknowledged to Finland that an outbreak of foot-and-mouth disease had occurred in the Baltic region. Nor does the statement deny that Finland has taken sanitary measures to prevent travelers from importing the virus."

DEC. 22: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Train Under East River

NEW YORK — Filled with city officials, prominent transportation men, engineers and specially invited guests, the first passenger train has passed through the Brooklyn Tunnel under the East River from Bowling Green station, Manhattan, to Borough Hall, Brooklyn. The tunnel appeared to be in good condition, and although there were traces of water in spots on the concrete walls, engineers explained that in a few weeks the slight crevices in the steel rings would be closed by corrosion and the tunnel would be as dry as any part of the subway. Two novel features of the under-river route are the ventilating equipment and the automatic safety devices designed to prevent the possibility of collision.

1932: House Passes Beer Bill

WASHINGTON — In one of the wildest scenes ever enacted on the floor of Congress, House voters rode roughshod over the dries to pass the Collier beer bill by a vote of 230 to 165. The downfall of the dry forces, which had invincibly ruled the floor of Congress for the last 13 years, came as a climax to six hours of boisterous debate. The measure now goes to the Senate, where the prospect of a dry filibuster led by Idaho's Republican Sen. William Borah looms. Democratic leaders point to the fact that a president has seldom vetoed a measure providing revenue, and that added taxes from the beer bill might be an attractive substitute for the present unsatisfactory nuisance taxes.

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Pure Musical Instincts And an Actor's Spirit

By Harold C. Schonberg

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(Continued from Page 1)

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in Dies in G

Hans-Ulrich

On Monday, Jan Mlynarik, a historian, entered West Germany to join his son, who has been living here for more than a year. All three are signatories of the Charter 77 human-rights manifesto, and all

By Richard Witkin

Svens

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"We have fought a good fight," she said.

Herald Tribune

Published With The New York Times and The Washington Post

WEDNESDAY, DECEMBER 22, 1982

NIGERIA

A SPECIAL REPORT



Construction of Abuja is behind schedule, but the presidential guest house has been completed and six ministries have moved to Nigeria's new capital.

Abuja Construction Slows as Economy Lags

By Denis Herstein

ABUJA, THOUGH not yet ready to be Nigeria's new capital, has become the subject of a slim book of verse. The writer, Brigadier Mamman J. Vatsa, ends one of his poems thus:

"Goodbye Lagos, farewell Timbu Square,
And I long to be there.
Follow the way
And don't dilly-dally."

These days the growth of Abuja has taken on an inexorable momentum. On the other hand, economic constraints have forced the masterminds of this, the largest construction project in Africa, to dilly-dally. The oil wealth that made Lagos an unbearable place of government now delays the move to the more desirable Federal Capital Territory. That event, even if the economy does perk up soon, cannot take place before 1985 at the earliest.

But though the giant Abuja building site is fairly quiet these days, much has been achieved since 1975 when the head of state, General Murtala Muhammed, launched the new capital idea.

Outside the new building that serves as a temporary headquarters in Abuja for the

Ministry of the Federal Capital Territory, an enterprising man has set up business with a photocopying machine. The dust from the building site and the harassment that blows off the desert hundreds of miles to the north have not yet blocked up the works. At the entrance to the building and along many of the ground-floor corridors, men stand about, hoping for work.

From time to time a furrow-browed white man enters, usually to inquire into the progress of payments for work that is now at least four months, sometimes eight, in arrears. The Nigerian National Petroleum Corporation is holding a board meeting in the conference room. Officials are sometimes not "on seat."

It could almost be a ministry in Lagos... except that the weather is cool and the air dry, there are no traffic jams, the town is surrounded by handsome granite hills and not concrete overpasses, there are no beggars nor people selling cuckoo clocks—in short, all the environmental reasons that will chase the government out of Lagos in order to start afresh in this green field in the middle of Nigeria. If the builders stick to the master plan, they will eventually have a magnificent city of wide avenues, low-slung edifices, rustling brooks and hills more numerous than in Rome.

The political reasons for moving capitals are even more pressing. Abuja is the geographical center of Nigeria and traditionally inhabited by no majority of the three large groups, Yoruba, Ibo and Hausa, that dominate national life. Though Lagos is the most cosmopolitan corner of the country, the city's power brokers are mostly Yoruba. And in a larger political context, Abuja is better placed to play the role of the capital of the most influential country in Africa. Already Nigeria Airways flies in three times daily, to the almost completed French-built international airport, and road and rail will connect it with countries in West Africa and further afield.

The master plan prepared by the last military government envisages four phases, as well as satellite towns, with a projected population of three million. For the moment, however, only certain projects in phase one are being carried out, though roads, dams, sewerage works, as well as several non-Nigerian hotels, such as the Sheraton, Hyatt and Hilton, are under construction. Dozens of flats and housing complexes are either finished or nearing completion, and the national conference center, part of a cultural spine that will include a mosque, library, cathedral, archives, theater and museum, is under way.

So far the most impressive advance is at the presidential complex, where the Italian company, G. Cappa, celebrates 52 years in Nigeria. Builders have completed the basic work on the private residence, which resembles a bunker more than a White House.

Next door, also far advanced, is the guest house, with ample accommodation for three visiting heads of state, a conference room big enough for all of Africa's leaders, and swimming pools, squash courts and a multipurpose hall to keep them fit. Building will soon come to a standstill, however. They have been waiting six months for import licenses for the marble, bathroom fittings and electrical equipment to finish the job according to presidential specifications. The roof is on, but at the moment the building looks like a multistory car park.

The rest of the complex, the national assembly and the supreme court, has not yet reached contract stage. Nor has a contract been signed for any ministerial building, which makes it doubtful whether government could begin to move in to Abuja three years from now. The final ministry to arrive from Lagos is expected to be external affairs, after which the foreign embassies will have to follow suit in order to carry out their diplomatic duties.

(Continued on Page 10S)

Poor Economic Outlook Undermines Ruling Party As Election Test Nears

By Richard Syng

THE AUSTERITY mood that is beginning to grip Nigeria this Christmas will dampen, perhaps sadly, perhaps mercifully, the usual flamboyance of the political jamborees planned for the New Year.

Next year is election year in Nigeria, a fact that fills some Nigerians with considerable trepidation. This will be the first real test of the new U.S.-style constitution introduced in 1979 when Shehu Shagari and his National Party of Nigeria took power with a slender majority.

The eternal political bargaining between the three major regions of the country make it difficult for any political party to be truly national. The poor economic outlook, meanwhile, acts to undermine the ruling National Party, the one party that does have a national structure. And always waiting in the wings is the Nigerian Army, the most unpredictable of the actors on the Nigerian political stage.

With or without austerity, however, some of the larger-than-life professional politicians of Nigeria will still have a role to play and the chances remain good that a U.S.-style election, with gimmicks, will be played off between two hefty political machines some time in the second half of 1983.

The two veteran heavyweights of southern Nigerian politics, Chief Obafemi Awolowo, known as Awol, of the Yoruba, and Nnamdi Azikiwe, known as Zik, of the Ibo, are still very much alive. Both out of power at present, they have a strong motivation to form a coalition, or electoral alliance, in order to defeat Mr. Shagari in 1983. They are only prevented by disagreement about which of them should be presidential candidate.

Meanwhile, at the state level most parties are already holding their "primaries" to choose gubernatorial candidates and this is where the American flavor to electioneering has begun to take hold. The deputy president of the Nigerian senate, John Wash Pam, thinks, however, that this has already gone too far. He described the National Party's primaries as "an indication of wasteful spending" proving nothing but that "with money one can easily win an election."

The argument propounded by the National Party's opponents is that the money spent by the party is "a betrayal of the federal government's stand on austerity." It does not cut much ice with an electorate that sees wastefulness and extravagance as endemic among all their rulers, whichever party they may belong to. The 19 state governments, as much as the federal administration itself, all face financial constraints just at the time that they need to be able to splash out on boosting social amenities and raising salaries.

The National Party, as the only half-genuine "national" party in Nigeria, and the one most blessed with "naïra power," is still widely thought to have a good chance of repeating its success of 1979 and even of improving on it with the capture of more state governments, among which it does not have a majority now.

The emphasis at this early stage of the electoral campaign is on consolidating gains and on preserving the existing leadership. A recent National Party executive meeting opted for complete continuity at the executive level in 1983 by renominating Alex Ekwueme as Mr. Shagari's vice presidential running mate.

Mr. Ekwueme, almost as unassuming and low-key as Mr. Shagari himself, won approval both as a national figure and as a force in his own political base of the Ibo heartland, Anambra state. The other contestants for leadership of the Ibo National Party, Odumegwu Ojukwu, the former rebel leader, and Michael

Okpara, a former regional prime minister, have yet to be satisfied with the promises of high office made to them and have preferred to remain on the sidelines.

Now that Mr. Ojukwu is no longer considered a likely running mate for Mr. Shagari, a sigh of relief has run through the country, even in Anambra. "If Shagari had wanted him he would have had to ask the army first," an Anambra politician said. "Ojukwu is a man you either love or you hate. Many in the army fought him during the war and can't love him now."

Mr. Ojukwu is nevertheless determined to stay in politics and his name is likely to continue to be headline news. His return to Enugu and to his home village earlier this year attracted enormous, almost delirious, crowds. It is still not fully clear what Mr. Ojukwu stands for after having led Biafra in a disastrous attempt to secede from Nigeria completely, and he has only just begun to define his present views.

He is critical of the present 19-state structure. "In certain areas the existence of many states within the same ethnic group has rather tended to create some disaffection where harmony once reigned," he said in a recent university lecture, adding rather incongruously: "Let me state categorically that I support the creation of more states in Nigeria and I believe that in the interest of equity, the number of states should necessarily reflect the relative strengths of the various ethnic groups in the country."

Mr. Ojukwu has at least affirmed a commitment to Nigeria unity, saying in the same lecture: "I believe our government should do more to encourage unity. No Nigerian should suffer any disability whatsoever nor any form of discrimination anywhere in Nigeria."

Mr. Ojukwu's state, Anambra, is one of the most critical areas for the National Party to build on its strength. The state government is in the hands of Mr. Azikiwe's Nigerian People's Party and governed by "Playboy" Jim Nwobodo. His recent purchase of a state television service is intended to promote his government's policies and achievements and it is likely that his flair for publicity will win him the governorship for another four years.

The survival of governors like Mr. Nwobodo in the longer-term very much depends on what kind of agreement is reached at the national level between Mr. Azikiwe's Nigerian People's Party and Mr. Awolowo's Unity Party of Nigeria, the Yoruba party par excellence. A northern political analyst, Mohammed Haruna, wrote recently that if agreement is reached "a scenario of Nigeria with two big parties in the near future is a distinct possibility." A People's Party-Unity Party alliance would also embrace the smaller parties of the north, including factions of the radical People's Redemption Party and the Great Nigeria People's Party.

With so little emphasis put on political philosophies and policies in Nigeria, the battle among politicians is reduced to gaining areas of influence. This helps explain the significance of Mr. Shagari's hurry to create new states. As many as 21 new states, which would give a total of 40, have passed the first test of acceptability.

Some observers are worried about the possible effects of creating so many. Even the federal government's own newspaper, the Kaduna-based New Nigerian, has attacked the idea, saying: "At the risk of offending powerful political interests on this matter, the New Nigerian would like to caution that if politics, as now appears, is used as the sole consideration for creation of states, the whole thing will go wrong. The issue is as much a social and political matter as it

(Continued on Page 12S)

Falling Oil Income Shock to Economy, Development Plans

By Onyema Ugochukwu

WHEN President Shehu Shagari presented the 1983 budget to the National Assembly last month, he started his speech with a review of a depressing world economic situation. As he went on, from a record budget deficit of 1.4 billion naira to higher taxes in Britain, and double-digit unemployment figures in the United States, it was clear that the president wanted particular note to be taken of the fact that the bad news he was about to report was not peculiar to Nigeria.

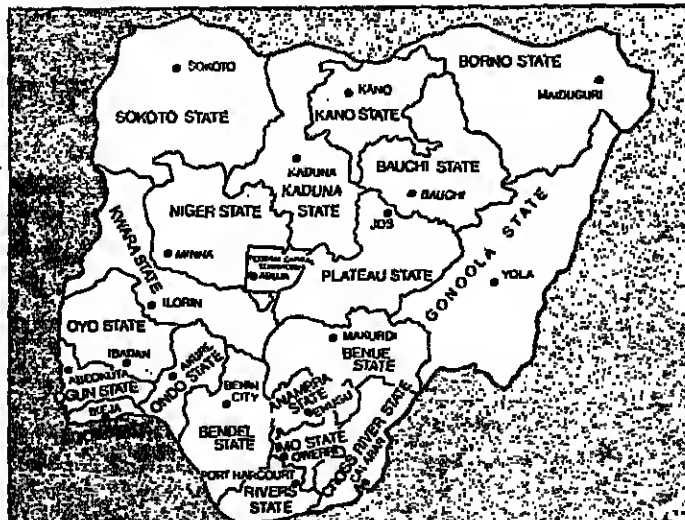
What he did report was certainly bad news. For 1982, the gross domestic product, in real terms, had decreased by 2 percent, to 29.8 billion naira; the current account was in deficit by 1.4 billion naira, and the balance of payments position was expected to be a deficit of 1.5 billion naira. Government revenue had fallen far short of estimates, and a budget deficit of 3.2 billion naira was expected for 1982.

Depressing as these statistics were, what the president did not elaborate on was even more depressing. That the current account deficit was kept down to 1.4 billion naira in the face of the continuing slump in oil exports was a major achievement. This was, however, made possible by the drastic restrictions on imports and expenditures introduced in April, which policy, successful as it has

been in some desired areas, has also had a most adverse impact on the local economy. What the foreign exchange scarcity and the restrictions on expenditure and imports have meant is a drastic slowing down of activities in the economy.

Government spending of oil revenue has always provided the main impetus for business enterprise in Nigeria. Cutbacks in government spending have therefore meant a reduction in opportunities. Delays in payments for projects already undertaken only helped to deepen the gloom in the economy.

Restrictions on imports and delays in remittance of trade debts served to interrupt the flow of raw materials needed by local manufacturers. The Nigerian economy is so foreign-exchange intensive that bankers estimate that up to 65 percent of any unit of local currency spent ends up outside the country. Not only does the country import a large proportion of the goods it consumes, but the local manufacturers depend in almost all cases on imported machinery, spare parts and raw materials. The foreign exchange restrictions have in consequence led to cutbacks in production plans. Sometimes, companies have had to shut down for periods, while in almost all cases, companies have either laid off workers or achieved the same purpose through natural wastage.



BASIC DATA

Area: 356,669 square miles. Population: 80 million.

Foreign currency reserves (August 1982): U.S. \$1.35 billion. Imports (1981): U.S. \$17.5 billion. Exports (1981): U.S. \$17.1 billion.

Inflation (1981 average): 20.8 percent. Exchange rate (Oct. 20, 1982): 1 U.S. dollar = 0.6798 Naira.

While the decrease in the gross domestic product owes much to the 16-percent decline in oil production, it has also been influenced by a decline in the activities of other sectors of the economy. All things considered, it has been a difficult year for the Nigerian economy. The main cause of the difficulties, it is now generally agreed, is the sharp drop in the country's oil exports, which normally provide more than 90 percent of the country's total foreign exchange earnings and about 75 percent of all government revenues. A secondary cause would be the government's excessive delay

(Continued on Following Page)

Strains of World Surplus Increasing

Special to the IHT

OF ALL THE member states of the Organization of Petroleum Exporting Countries, Nigeria has arguably borne the greatest brunt of the current international oil glut. At the same time, it is probably the one country least able to cope with it.

The last two years have seen huge fluctuations in Nigerian oil production, as the forces of the market, the spot-price speculators, the oil multinationals, the non-OPEC producers and more recently the less scrupulous members of OPEC intent on raising their production at all costs, have put pressure on the country regarded as OPEC's weak link. Nigeria has survived the ordeal to date, but the cost to its economy, and above all to its ambitious development plans, has been heavy.

Yet the trials of the oil glut have had two significant effects within Nigeria: they have bred a new realism about the extent of the country's vulnerability to the oil market, the need to reduce its dependence on a single commodity, and the desirability of more cautious planning for the future; and they have reopened the whole debate over the costs and benefits of OPEC membership.

The former attitude has been graphically spelt out by Lawrence Amu, managing direc-

tor of the Nigerian National Petroleum Corporation, the state oil company. "The present situation may be a disguised blessing," he told a civil service audience in October.

"The Nigerian economy seems to have been overheated by the high production and the fat oil revenue in the past. The present low level of oil demand will prolong the lifespan of oil as an industrial base to the Nigerian economy. Initially, this may generate some hardships in some quarters, but it may help restore sanity into the country and allow other indigenous resources to be discovered and harnessed. It will help foster self-reliance and the ability to think for ourselves, instead of being spoon-fed with luxuries we do not understand."

The greater realism is also apparent in President Shehu Shagari's federal government budget for 1983, which is based on forecast oil production of only one million barrels a day, a lower level than at any time since 1970. The implications of that realism are profound: it means cutting the national import bill by half, from 1.2 billion naira a month at the start of 1982 to only 600 million naira a month next year. As for the 82-billion naira fourth national development plan, it was based on oil production of around two million barrels a day, at a price of \$55 a barrel by 1985. Mr. Amu be-

lieves Nigeria will be lucky to maintain the current price of \$35.50 a barrel, and a production rate of 1.2 million to 1.4 million barrels a day.

The questioning of OPEC membership is apparent in the conversations of Nigerian businessmen, newspaper columns and the propaganda of the opposition parties in the run-up to next year's elections. Chief Obafemi Awolowo, leader of the Unity Party of Nigeria, is unequivocal: "I never favored Nigeria going into OPEC," he said. "Our oil does not need protection from any group of people to sell. We should reconsider our membership of OPEC and the price of our oil."

Government spokesmen increasingly feel the need to defend their loyalty to the oil producers' cartel. Mallam Yahya Dikko, the presidential oil adviser, said recently: "As long as we are in OPEC, we should abide by the decisions entered into. Provided we agree to set down and discuss matters and arrive at a rational conclusion, everybody should accept and defend OPEC decisions."

Mike Olorunfemi, deputy manager of the petroleum corporation's research department, argues that Nigeria's withdrawal from OPEC

(Continued on Page 9S)

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NIGERIA

Falling Oil Income Shock to Economy

(Continued from Preceding Page)

in trying to adjust to the reduced means.

But, considering the circumstances, the economy has also borne its adversity fairly well, at least better than anyone expected a few months ago. The sharp drop in oil exports to about one million barrels a day was expected to lead to a collapse. But although foreign exchange reserves have dropped from \$2.5 billion at the end of 1981 to about \$800 million, the country has managed to survive, with its dignity battered, no doubt, but still intact.

The secret for survival appears to be the large and thriving underground economy. Uman Eleam, executive secretary of the Manufacturers Association of Nigeria, describes this economy, only half jokingly, as so large that it has its own currency, laws and government.

The underground economy includes the smugglers who have kept the markets well supplied with imported consumer goods, in spite of the restrictions; the multitudes of traders and cottage industry operators whose activities do not feature in any of the statistics, nor the tax man's books, as well as the extended family system which provides such an efficient social security insurance that the country's extremely high unemployment levels hardly seem explosive.

The parallel economy has had such an impact on the official economy that predictions for the official economy that did not take account of it have not been borne out. The restrictions by the government alone might have been able to help the economy adjust, but they would also have set off such social tensions as would have still led to a collapse.

For now, the problems of the official economy remain large, although analysts are more optimistic about the economy's capacity to accommodate them. The ultimate problem remains the country's dependence on oil, whose future seems uncertain. Although the government has declared its intention to reduce this dependence as quickly as possible, it seems certain that oil will for a long time continue to be the most important factor in the economy.

The government, in preparing its 1983 budget, has, in line with the uncertain outlook for oil in 1983, scaled down its revenue expectations and its expenditure plans. But still, of a total expected revenue of 9.31 billion for 1983, oil is projected to account for about 60 percent, which still ties improvement in the domestic economy to what happens to oil next year. The problems of the economy this year

have also brought a change in attitudes in public finance, which many consider beneficial. Most important is the greater responsibility with which officials now consider government expenditures. Although many of the projects started in the busy days of 1980 are continuing, there is clear evidence that officials are no longer trying to overcome bottlenecks simply by dumping money on them. Greater caution is also being shown in starting new ventures. A second important change is the new seriousness being shown by officials in

pursuing their aim of diversifying the economy away from oil. A higher priority has been given to finding some use for the country's natural gas resources. Apart from the decision to implement the liquefied natural gas project as quickly as possible, a petrochemicals industry, also using natural gas, is being set up to produce raw materials that are now imported. In the agricultural sector, the government's Green Revolution program has yet to yield significant results, but everyone now appreciates the urgency of reducing the country's

food import bill. The central bank in a recent survey found farmers to be expecting a good harvest, because of a timely supply of inputs and adequate rains. The government is still allocating a substantial part of its budget to the sector and it seems likely that with time, the results will be rewarding. There is a change in industrialization policy. Hitherto, the emphasis has been on import substitution. But since such industries usually depend on imported raw materials, foreign exchange savings have been negligible.

Summary of 1983 Capital Expenditure in Naira

Title of Project	Allocation 1982	Allocation 1983
Rural development	66,960,000	89,000,000
Agriculture-Crops	364,680,000	440,580,000
Livestock	72,374,170	59,124,000
Forestry	15,676,000	10,543,000
Fisheries	13,580,000	28,050,000
Mining and Quarrying	69,183,000	16,900,000
Manufacturing and Craft	494,671,440	273,700,000
Power	375,404,110	200,700,000
Commerce and Finance	44,125,030	36,578,000
Land Transport System	812,779,380	860,150,000
Water Transport System	95,523,000	150,550,000
Air Transport System	78,273,750	215,000,000
Post and Telecommunications	297,594,470	235,000,000
Education	270,325,000	251,532,000
Health	185,952,050	170,000,000
Information	262,325,000	62,000,000
Employment, Labor and Productivity	9,954,100	7,531,000
Social Development, Youth, and Culture	24,580,180	23,126,000
Water Resources	562,262,510	561,000,000
Environment	4,673,280	2,000,000
Housing	174,140,000	139,000,000
Town and Country Planning	29,940,000	21,660,000
Co-operatives and Supply	3,736,000	3,736,000
Prisons	14,643,870	50,000,000
Police	90,792,460	201,000,000
Defence	451,704,550	650,000,000
General Administration	246,710,280	344,288,000
External Financial Obligation	122,000,000	122,000,000
Federal Capital Territory	321,050,960	445,000,000
Science and Technology	100,314,600	88,018,000
N.N.P.C.	172,671,600	650,000,000
Steel Development Authority	1,422,468,780	590,000,000
National Assembly	52,755,850	40,980,000
National Universities Commission	199,575,000	179,468,000
Total, Federal Capital Expenditure:	7,443,423,150	7,218,216,000
Less 20% Reservation on Federal Government wholly Financed Projects	21,011,257,370	1,097,903,200
Sub-Total:	5,632,165,780	6,120,312,800
Loans On-Lent to States	430,000	421,500,000
Other Bilateral External Loans	549,861,000	120,000,000
Grand Total, Capital Expenditure:	6,112,027,780	6,661,812,800

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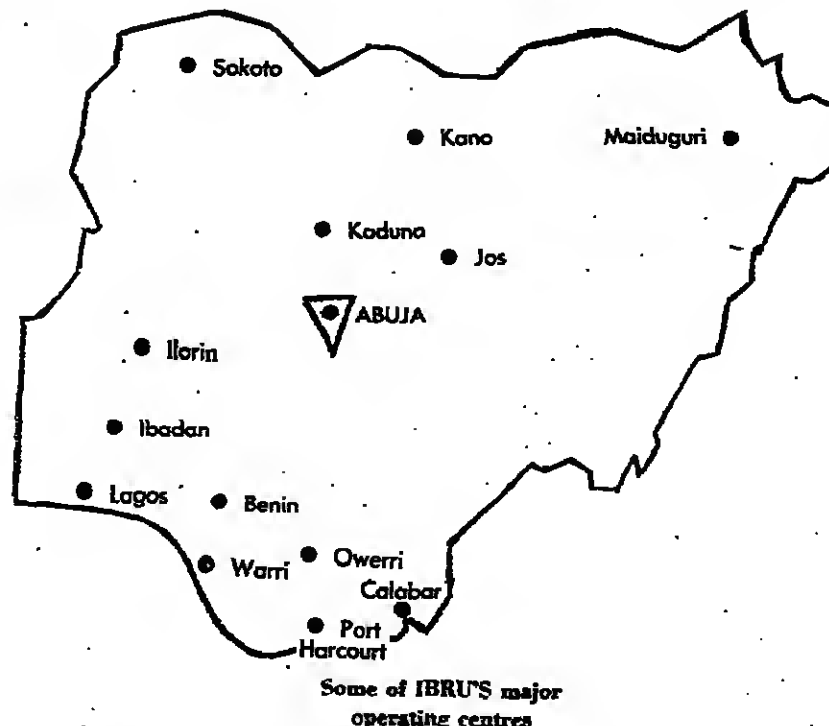
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- * Plantation development for oil palm and grains
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NIGERIA

Oil Surplus Strains the Economy; Development Programs Cut Back

(Continued from Page 78)

might lead to other members quit, and a disintegration of the organization. "Each nation expects oil will deal individually with multinational oil companies on price and quantity. It will be disastrous for a country to be able to stand its ground against the conspiracy of oil companies."

Yet Nigeria's loyalty to OPEC has undoubtedly cost it dear over the past two years. The first crisis came in mid-1981, as Nigeria struggled to hold its price of \$40 a barrel, while Saudi Arabia was charging only \$32, and the oil companies were flooding their stocks.

Production declined steadily from more than two million barrels a day in January to little more than 1.2 million barrels a day by June. Then it crashed to 700,000 in July, and August. Only when OPEC had failed to agree on a common strategy to stabilize the market did Nigeria agree to discount its price, offering an effective figure of only \$36 a barrel.

The events of 1981 were a forecast of things to come, and a revelation of Nigeria's peculiar vulnerability. At the time, oil accounted for more than 90 percent of export earnings, and about 80 percent of government revenues. But equipment for the plethora of capital projects in the development plan and food purchases to make up for the shortfall in agriculture (just a result of the oil economy cutting labor off the land), let alone the all-pervasive smuggling of luxuries for the consumer market, meant that imports simply could not be cut back, quickly enough. The monthly bill was running at

Company Percentage Shares of Nigerian Oil Production, 1981

Shell	52	Elf Aquitaine	5
Gulf	20	Chevron/Texaco	2
Mobil	11	Ashland	
Agip/Phillips	9	Panoco	less than 1
Source: oil companies			

Note: All the companies operate in partnership with the Nigerian National Petroleum Corporation (NNPC), which holds a controlling 60 percent share in all companies except Shell, in which its share is 80 percent.

around \$1.9 billion, leaving a trade gap of \$700 million a month.

Nigeria's foreign exchange reserves plummeted from \$9 billion to \$2 billion during 1981, and to less than \$2 billion by March this year. So when the second crunch came in the oil market, the country had no defenses left.

In March, the oil companies operating in Nigeria (Shell, Gulf, Mobil and Agip/Phillips) were given to understand that a price reduction was coming, backdated to March 1. They agreed to maintain production rates, although Nigeria's Bonny Light crude was then selling for \$4 a barrel more than comparable North Sea oil.

Then OPEC met on March 19 and agreed to maintain the \$34 reference price for Saudi oil, although Nigeria was allowed to shave its price to \$35.50 by reducing its differential over the Saudi benchmark. It was not enough for the oil buyers, especially the independents who make up a third of Nigeria's customers. Production virtually halved in five days: from 1.2 barrels a day to little more than 600,000.

Then Saudi Arabia issued a threat of retaliatory action if the oil companies ganged up on Nigeria: Shell, Gulf and Mobil, all of whom had delivered formal notice to phase out their long-term purchasing contracts with Nigeria, stopped short of the final action. April production recovered to 900,000 barrels a day, and June was back up to 1.6 million.

Since then, Nigeria's production has hovered around 1.3 billion, the production quota it is allowed under the March OPEC agreement. It has been more scrupulous in keeping to it than many of the other OPEC members, notably Iran and Libya.

But the damage has been done to the economy. Already in March, before the latest production slump was apparent, the central bank had been forced to stop commercial banks issuing any new letters of credit, while it attempted to catch up on a growing backlog. In April, Mr. Shagari introduced an austere

package, including hefty import deposits and increased tariffs, and deferment of all capital projects not already under way.

What the crisis has also underlined has been Nigeria's very limited capacity to react swiftly in an emergency. Those measures have taken months to have an effect, and anyway were introduced several months later than necessary to stem the foreign exchange drain. As a result, reserves have been artificially maintained by ever-lengthening delays on trade payments, with bills outstanding in some cases for six months or more. Some estimates put the backlog at more than \$5 billion.

If the Nigerian oil scene is overshadowed by the gloom of the international oil market, there is one ray of light on the domestic scene: the oil companies themselves are somewhat happier than they were a year ago. The reason was the Nigerian government's agreement, after two years of painful negotia-

Oil Production in Nigeria 1981-82

(Monthly Averages '000 b/d)

	1981	1982
January	2,092	1,754
February	1,943	1,400
March	1,848	938
April	1,623	900
May	1,293	1,308
June	1,268	1,648
July	773	1,259
August	707	1,106
September	1,061	1,165
October	1,205	1,480
November	1,582	1,390
December	1,786	1,400

(forecast)

Source: Lagos Chamber of Commerce

tions, to raise the profit margin earned by the producers on each barrel of oil.

The deal was agreed to on July 1, to raise the "allowed profits per barrel" from 80 cents to \$1.60, while simultaneously increasing the allowance for costs from \$1.10 to \$1.60 a barrel — effectively raising the return to the oil majors by \$1.50 a barrel. That was arguably more important in keeping the companies content than any oil price cut.

Long-term exploration, however, is at a very low level because of the international glut, compounded by the particular problems of operating in Nigeria's high-cost, low-efficiency economy. Known reserves stand at 20 billion barrels of oil, and a further 20 billion are probably awaiting discovery. For a mature oil producer, that is a healthy future. Learning to exploit them cautiously is the lesson of the current oil glut, and a salutary one at that.

Energy: Rapid NEPA Growth Still Trails Consumer Demand

NEPA IS NOT, as one might maliciously believe, an acronym for "Never Ever Power Again." It stands for the National Electric Power Authority, famed for plunging Nigerian households into darkness and for bringing the factory production line to a sudden standstill.

Now NEPA has gone on the offensive. Advertisements in Nigeria and in African magazines published in Britain are headlined, "Is NEPA really that bad?" Underneath, a chart shows that while Britain has 132 power stations, France 573, Austria 1,053, Sweden 1,143 and the United States 3,573, Nigeria has four.

Though the figures may be misleading, because it is total megawatt capacity that counts, the NEPA argument is certainly worth a hearing.

The decree that set up NEPA in 1972, after the amalgamation of the Electricity Corporation of Nigeria with the Nigeria Dams Authority, stipulated that it should develop and maintain an efficient, coordinated and economical system of electricity supply for all parts of the country. These are high standards.

As the minister of mines and power, Mohammed Ibrahim Hassan, pointed out, compared with other public institutions, "NEPA is too much criticized only because its failures have much more immediate impact on the whole of our population than the failures of the other institutions." In other words, if a Nigerian Airways plane fails to turn up, or the steel plant goes on strike, or a train is derailed, only a few citizens experience it first-hand, whereas millions are in 24-hour contact with the power authority.

Like Nigerian Airways, NEPA is growing at a tremendous pace. But its 20-percent annual load growth still cannot keep up with consumer demand. The country has only two major power stations, Kainji, 760 megawatts, on the Niger River, and Sapele, with oil and gas turbines, 1,020 megawatts. Another three smaller power stations, totaling about 600 megawatts, also fuel the national grid.

The electricity is thus hundreds of miles away from Lagos, which consumes almost half of the nation's power. The lines are the prey of the rains, of uneven maintenance, even of power thieves who break into the transmission lines for free electricity.

In Lagos, houses have air conditioning, often in every room, running, if permitted, 24 hours a day. Many are using electricity far in excess of their contractual limits. Hence the constant cuts. Short of persuading householders to revert to old-fashioned ceiling fans, the alternative would seem to be to install load-limiting circuit breakers in every home and business. But here again, the system breaks down because some NEPA employees carry out illegal connections on the quiet. Not only does NEPA not get paid for the electricity, but the extra demand helps cause overloading.

Instead, Nigerians and expatriates alike invest huge sums in standby generators. The generator must be fed into the meter, so that householders pay NEPA at the usual rate for making their own usually diesel-fueled electricity. Often the owner arranges for the installer to connect the wire on the wrong side of the meter box, so that charges are kept at least to a minimum, if not registered at all.

NEPA has great difficulty collecting money it is owed. This month, it threatened to begin mass disconnections as a warning to consumers who do not settle their bills promptly. The names of defaulters might even be published in the newspapers.

Unpaid bills are not NEPA's only problem. Recently, advertisements have appeared in the foreign press for engineers and technicians. NEPA is almost 2,000 below its manpower establishment of 20,000. It is a development that contradicts NEPA's repeated claim of managing without the help of "aliens."

NEPA engineers receive a thorough training, but as their salaries are tied to civil service structures, about 75 percent of trained personnel leave for more lucrative jobs in private companies or to work on rural electrification projects for one of the state governments.

A constant complaint by NEPA is that it often hears of a new project requiring power, such as a textile plant or shopping center, only when it has reached the commissioning stage. In most other countries, electricity requirements are relayed to the power authority at the planning stage. A booklet, "Planning

(Continued on Following Page)

Cautious Tone Prevails In New Foreign Policy

By Francois-Xavier Harispe

CAUTION is the watchword of Nigerian foreign policy, mainly aimed at the continental level — no boisterous statement, no striking act, a discreet diplomacy set up by a moderate president and a minister who acts with reserve.

Nigeria's foreign policy has changed from the period of military regimes, from an arrogant and aggressive stand to a very wise and sober diplomacy. Gone are the days of Brigadier Garba who, under the military regimes (1976-1979) nationalized British Petroleum and fought for the Rhodesia-Zimbabwe transition.

But Joe Garba was a kingmaker within Nigerian politics. His receptivity and abundant self confidence, as well as a gift for using the media, made him a well-known and feared minister in the days of the oil boom. The present minister, Ishaya Audu, a pediatrician and university administrator, "is a man of common sense who tries to be consistent," one of his deputies affirmed.

But some of the young Nigerian intellectuals think that, in fact, President Shagari has no foreign policy maker and that the Ministry of External Affairs, even though it has a prominent role on a permanent basis, has no long-term strategy. The same intellectuals think that, at the moment, Nigeria is only reacting to events. Some observers think that, given the present situation, the domestic politics of Nigeria has created, there is no need for an aggressive external policy. To Nigeria, pan-Africanism is a commitment, and that explains why Nigeria's priority is continental.

And truly, Nigeria has done everything possible to avoid the breaking up of the Organization of African Unity, from shuttle diplomacy by Mr. Audu to participation in the disdained (because of its colonial flavor) "Franco-African summit" in Kinshasa, Zaire, in order to reconcile conflicting parties over the western Sahara, Chad, or any other matter opposing the so-called progressives of Africa to the moderates.

Nigeria needs the OAU not only because of its commitments, but also because the OAU is a tool in the hands of Nigeria. It could be their springboard toward not only the leadership of Africa, but eventually to one of the key positions as a Third World leader, a foreign diplomat said. "Nigeria, as an important power needs an institutionalized theater for the exercise of influence or leadership," said Bolaji Akinyemi, the director of the Nigerian Institute for International Affairs, whose statements were quite influential in the military days. He is one of the young Nigerians advocating stronger decisions, and his passionate reports show the nationalistic enthusiasm of a scholar anxious to see his country play a leading part in the world.

The ministry, desk men at the executive office of the president, the national defense and security councils, as well as the national assembly or leaders within the ruling party could be influential. But the president, advised by the secretary to the government, Shehu Musa, always has the last word. Because of Nigeria's primary commitments to Africa, Lagos is not very happy with the United States and its relations with South Africa.

President Shagari has made it clear that the linkage between independence for Namibia and withdrawal of Cuban troops from sovereign Angola is not acceptable. But on the other hand, there is no linkage between business and politics, and the United States will continue expanding their business in the biggest market of the continent without fearing reprisals for their "unfriendly politics."

The same applies to France, whose behavior as "the gendarme of Africa" — to the prejudice of Nigeria — does not prevent the French banks or construction companies from being on top of the lists. In July 1981, a border conflict between Nigeria and its eastern neighbor, the Cameroons, nearly degenerated into a war. When Nigeria was about to attack, the Nigerian Embassy in Paris was warned by the French authorities that in case of a war France — because of defense agreements with its former territory — would be backing the Cameroons.

Nigeria then found a diplomatic solution to settle the matter with Yaounde, but no retaliation was applied to France whose business continued flourishing in Nigeria. Israel is another example. Its policy on Palestine has been condemned; Lagos also said there was no possibility of establishing diplomatic relations with the Zionist state, but on another hand, Israeli construction companies continue working in Nigeria without any harassment.

The general feeling here is that the United States, as a superpower, has to be reckoned with but obviously the best go-between is still Europe, with its tradition of relations with Africa. But "first things first," and even if negotiations could be going on with Europe, whose technology is very much needed for the development of Nigeria, Africa remains the focus of Nigeria — Africa with all its problems. Chad where the Libyan involvement should be contained as much as possible, and Libya itself, whose missionary propaganda could find an audience among the young students of the northern Nigerian universities, threatening the Western-oriented hierarchy of this biggest Moslem country of the continent.

Nigeria is and wants to remain the "calm center of the African storm" because it feels that quietness could be more effective than shouting and beating the table.

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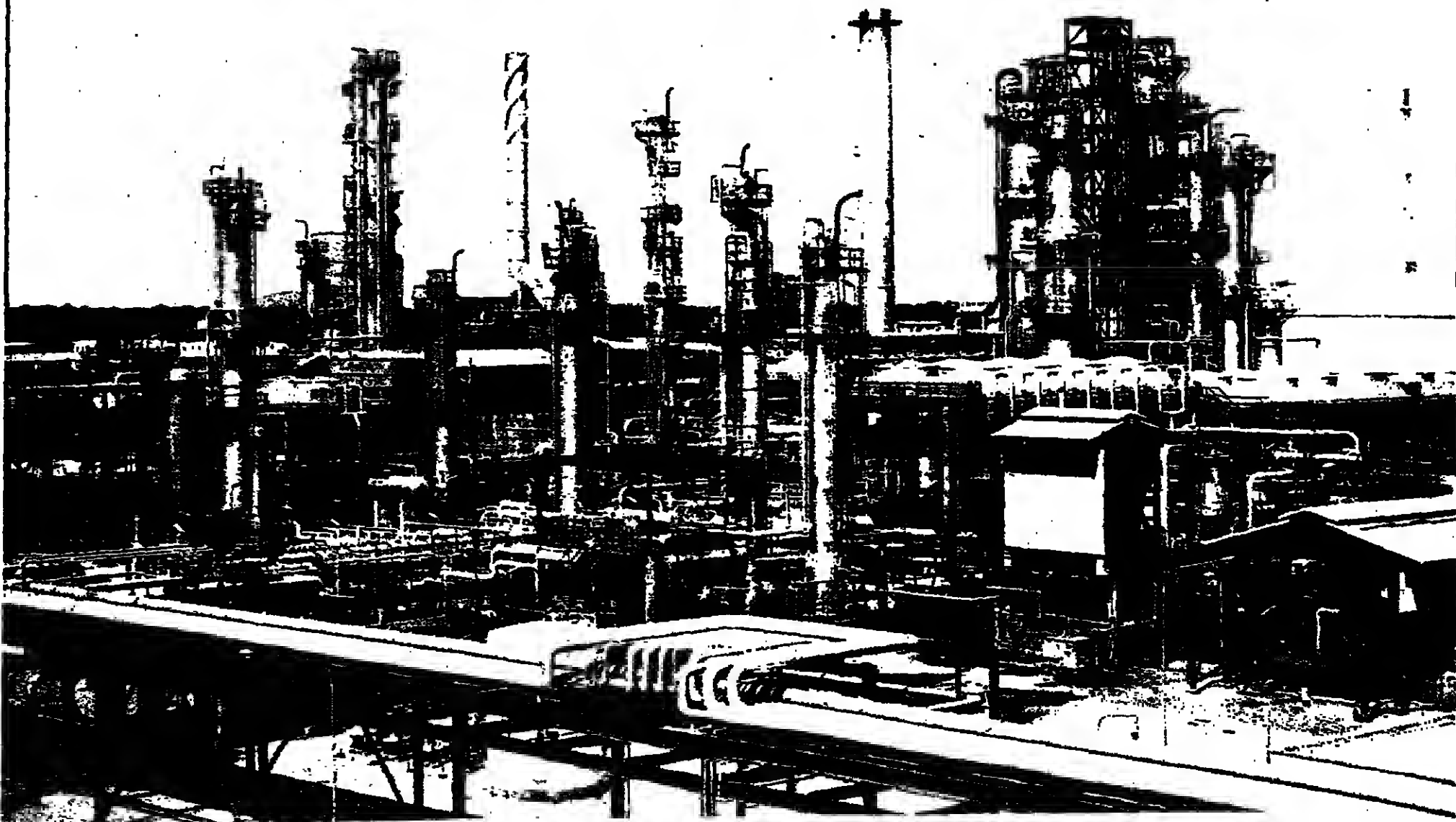
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NIGERIA

Industry: Shortfall in Oil Income Forces Cutback of Projects

By Gillian Gunn

THE COLLAPSE of the oil market has thrown a spanner into the works of Nigeria's industrial projects. The government is now in the middle of a painful pruning process, which will inevitably delay or cancel many projects.

A spokesman for the Ministry of Planning insisted recently that the 1981-1983 development plan will not be redrafted, so clearly the project-trimming will be done behind closed doors. Observers familiar with the day-to-day project decisions sense that the government has not yet come to grips with the problem.

One analyst said: "The 1983 budget sounds very sensible and cautious, particularly as it assumes a modest oil production level of one million barrels a day. But when you look at the expenditure side of the

equation, they keep insisting a long list of projects will have top priority." The authorities seem to know that cuts are necessary, and the knife is poised. But exactly where it will fall is unclear.

Nonetheless, some concrete steps have been taken. Since March 1982 no new contractors have been employed without the specific authorization of a special committee in the president's office. The committee existed before, but was not very active, and foreign bankers sometimes forced Nigeria's hand.

In October, a planned \$2.5-billion standard-gauge railway from Port Harcourt to Makurdi was indefinitely postponed after efforts by international banks to syndicate loans obtained financing for only four of the six sections and the effort collapsed. The government called for a technical reappraisal.

Contractors from a number of countries have lost business as a result of the financing failure. The six contractors who had been in line for the project were: Frances Dumez and Pragades et Travaux Publics; a Chinese-Swiss consortium; British-based and Italian-owned Sirtim International; Yugoslavia's Partizanski; and Brazil's Parapanema.

The railroad delay will seriously jeopardize Nigeria's steel projects. The railroad was to have provided the crucial link for transport of iron ore and steel between Port Harcourt and the Ajaokuta steelworks. In mid-November a Ministry of Planning spokesman still insisted the various steel projects would receive top priority. The government is apparently considering moving the raw materials and finished goods by road, but those familiar with Nigeria's road network know that this is a dubious proposition.

In addition, some of the steel projects are experiencing problems of their own. The expansion of the Aladja steel works is now in doubt, perhaps more for political reasons than economic ones. The Russian-built Ajaokuta steel plant is also embroiled in controversy, with accusations that it is being constructed from secondhand materials. Finally, it has become clear that domestically manufactured steel will be more expensive than its imported equivalent, casting doubt on the whole steel project.

A third industrial project under threat is the liquefied natural gas plant planned for Bonny. Although President Shagari specifically stated in his October budget speech that the project would go ahead, the project has neither financiers, contractors, nor a market. The original consortium went into voluntary liquidation in early 1981 after Phillips and British Petroleum pulled out.

The companies complained that the Nigerian National Petroleum Company was unprepared either to put up sufficient funds or allow them more of the equity. A glut has also sent natural gas prices down, casting further doubt on the project's viability.

The government is now trying to restimulate interest in the project and U.S. companies are responding. Two U.S. law firms, New York's Sherman & Sterling, and Washington's Wilmer, Cutler & Pickering, are advising the government. First Boston Bank and First Chicago are investigating finance. Arthur D. Little, in conjunction with the two banks, is preparing a feasibility study. Bechtel is exploring how the gas could be marketed.

The various consultants were due to deliver a feasibility report to the government Dec. 13. It will almost certainly recommend a halving of the plant's projected capacity.

It may also discuss the long mooted proposal to pipe Nigeria's gas to Europe. A study of the possible pipeline has already been done by Bechtel.

There is speculation that permission could be obtained from the governments whose territory the pipeline would have to cross by offering free installation of gas turbines, which would be fueled by the pipeline, reducing those countries' oil bills.

New Capital's Construction Pace Slows

(Continued from Page 78)

Oct. 1, Nigeria's 22d independence day, was celebrated in Abuja. The leaders of every large political party, including the veterans Nnamdi Azikiwe and Chief Obafemi Awolowo, were there. If Mr. Shagari wins the next election, there will be few fears for the future of Abuja. But even a president drawn from another party or grouping would have great difficulty in changing course.

The delays will come from an ailing economy. Up to May this year, 722 million naira had been spent on Abuja. The budget for 1983 allocates 445 million naira to the new capital, against 321 million naira in 1982.

Stephen Idada, liaison officer of the Federal Capital Development Authority in Lagos, said that "we would have wanted a substantially bigger increase." But, in a year when the total budget dropped by more than 400 million naira, they are luckier than some. About 100

million naira of the budget is destined for the long overdue payments owed to contractors. The rest will go to fresh projects.

There are rumors in Lagos that many foreign companies are thinking of pulling out. A Dutch managing director said he would wait six months and then make up his mind. More realistic, perhaps, was a French building contractor, who said: "They will stay. There is nowhere else to go."

Contractors in Abuja, whether Lebanese, French, Italian or British, had similar worries. "We never move without our *abaji*," they report, referring to the 3 to 15 percent man who oils the wheels. Some companies find that even after a lengthy wait for payments they are getting only half of what is owed.

And there are gripes about matters other than money. Felix Oniani, a Nigerian architect, spent 18 years in New York and now has come back to be Abuja's chief architect. He is critical of interfe-

rence by politicians and their appointees, to realizing the master plan. He said: "There has been a tremendous amount of pressure, to do this, employ this man. As a result, we engineers and architects have not always been allowed to make the decisions we should. So I don't believe we have got value for money."

Mr. Oniani insists on only the best for Abuja. "I was testing building blocks by the rule-of-thumb method of holding them over my head and dropping them. Most of them broke. I was called a saboteur and accused of wasting contractors' time. So I stopped the tests. And now these blocks are being used in houses. You can see the result — poor quality residential accommodation. And the shoddy work is being done by foreign as well as Nigerian contractors."

One of the disappointments of Abuja is the rarity of timber in house construction, though teak forests abound. When it is used,

the wood has not been properly seasoned and as a result timber frames are already warping. In the same way, there appears to be an effort to use solar energy for water heating, although there are 2,500 sunshine hours annually. Trees, too, are chopped down whether they are in the way of buildings or not. It has the feel of Lagos about it.

Not all development is planned. At Ouse village, a mile down the road from the presidential complex, a market offers yams, plantains, goats and shoes. An oil-discolored drain runs along the collection of roomless hotels called Abuja International and the Royal. As the poet says:

*It's nice to see a new city
Grow out of shrubs.
We love her
And the suburbs.*

The Poetry of Abuja (Cross-Continental Press)



Traffic is stalled in crowded central Lagos.

Brain Drain Cripples Development Efforts

By Eddie Iroh

"YOU DON'T ask the toad for a chair when you can see he is squatting," says a Nigerian proverb. But that is exactly what the world has, perhaps unwittingly, done with Nigeria in the area of highly qualified manpower.

The country that cannot find local skills to execute much of its own high-tech development programs has an estimated 15,000 nurses, doctors, scientists, engineers and teachers dispersed abroad. "There is hardly any industrialized Western country in which you do not have highly qualified Nigerians working today," an official of the National Universities Commission in Lagos said.

Generally, middle-class Nigerian officials and recruitment executives tend to underplay the seriousness of the country's brain drain. But the press and public do not. In a recent editorial, the mass-circulation Punch newspaper said: "It is distressing that at a time when we are in dire need of skilled men and women, a time when enormous sums of money are being spent to attract and retain the services of foreign experts, many able Nigerians are allowed to remain abroad developing foreign economies."

Over the past half decade, Nigerian governments have had to contract various expert teams, from India to the Netherlands, to revamp and sustain vital utilities that have long suffered from a severe shortage of skilled personnel. The Railways of India Technical and Economic Services was thus commissioned to revitalize Nigeria's railway network over a period of three years at a cost of nearly 10 million naira. Similarly, KLM, the Royal Dutch Airline, won a contract to provide sorely needed expertise to keep the national carrier, Nigerian Airways, airborne after a decade of indifferent performance and rising losses.

Similar dire shortages of manpower exist in almost every sector of Nigeria's economic and industrial development — steel, agriculture, construction and motor assembly. The National Electric Power Authority, constantly pilloried for its notoriously intermittent power supply, explains in its program for the 1980s that "shortage of manpower is certainly one of the problems with which NEPA has to contend." It reported that it has a shortfall of 265 engineers and 160 accountants.

With a population of 82.6 million, according to the latest figures, Nigeria has only 10,399 doctors, or 12 doctors per 100,000 people, and no more than 30,000 nurses. Dr. M.O. Quadri, executive secretary of the Nigerian Medical Association, said: "The shortage of doctors is so bad that some unqualified doctors are actually in practice." Almost all the country's 12 medical colleges are understaffed, and according to Dr. Quadri, some wards are not open because there are not qualified staff.

Although reliable figures are hard to come by, officials and professional bodies estimate that at least one-third of the highly qualified Nigerians abroad include the very doctors, nurses and engineers that are badly needed at home. All the officials agree that the primary

reasons for the experts' self-imposed exile are better working conditions and security of life and property abroad.

Dr. Quadri said that Nigerian doctors are working in large numbers in the United States, Britain and West Germany, and to a lesser extent in Egypt and Spain, where they earn more than three times the 400 naira a month that new entrants get in Nigeria.

But pay and poor conditions of service are not the only reasons skilled Nigerians prefer to work abroad. The shock of returning to Nigeria, after, in many cases, a decade of absence, has not been easily overcome by the few who dared to explore the prospects. The legendary inefficiency of essential services such as water, electricity and telephones, compounded by the increasing menace of armed robbery, and the maddening bureaucratic process, have damned even the most intrepid returnees.

An engineer with the petrochemical division of the Nigerian National Petroleum Corporation took more than a two-thirds cut in pay to join the giant oil body last year. After eight months in a hotel room with his expatriate wife and a child, he managed to get a "boy's" quarter in the back of a Lagos high-rise. But his stoicism gave way after his wife, seven months pregnant, got stuck in the elevator, and had to climb eight floors, a bucket of water in hand, during one power cut. He is now back with his former company in Mexico.

Adjusting to the "Nigerian condition" has proved particularly trying for the many Nigerian experts married to foreigners, especially those who have to live in the chaotic and congested capital. "You have to appreciate that many of these wives had never experienced a blackout, let alone a daily one, and have never spent three hours in a 'go-slow' (traffic jam)," said one husband, who returned recently, minus wife, "just to check things out."

Nigeria's version of the brain drain occurs in an involuntary fashion. Few if any Nigerians emigrate in search of more lucrative tenure abroad. Hardly any foreign recruiters come to the country in search of highly skilled staff. But few are willing to make what E. Obadofin, secretary for overseas recruitment in the Federal Civil Service Commission, calls "a patriotic sacrifice."

The trauma and trials of location apart, some government regulations have tended to militate against any massive reversal of the brain drain. And with the current austerity measures, few Nigerian experts returning home can afford to pay the high duties imposed on their personal effects.

Still, government departments, corporations and universities are perennially on recruitment drives abroad, while the conditions of service and regulation, which the experts find unacceptable, remain unchanged. According to the Punch newspaper, "only when changes are made 'will it be sacrilegious and unpatriotic for any Nigerian to desert working in his fatherland.'"

National Energy Production

(Continued from Preceding Page)

Ahead in NEPA," remarks on "the confidentiality with which various agencies treat their answers to the extent that a textile plant may ask for 10 megawatt load for supply in six months when the power generation takes about seven years to implement."

Within two years, the country's electricity potential will be greatly increased with the opening of two hydroelectric complexes, Jebba on the Niger River and Shiroro Gorge, 600 megawatts, between Kaduna and the new federal capital, Abuja. The Lagos thermal plant, 1,320 megawatts, expected to come on stream in 1985, will use the abundant supply of natural gas, most of which has been wastefully flared up to now.

These projects are already nine, two or more years behind schedule. A ministerial briefing last August complained that delays in payments to foreign contractors could seriously affect progress at Jebba and Shiroro.

Some time in the 1990s, Nigeria expects to have a 4,600-megawatt

generating capacity, from a medley of installations, including hydroelectric, coal, gas and oil. "Planning Ahead in NEPA" says that "nuclear generation is currently not in our program for up to the year 2000."

The latest annual report, which dates to March 1979, provides an impressive list of investments other than power stations, including countryside rural electrification projects, sub-stations, transmission lines, all implying a gradual extension of the services of the national grid.

At NEPA headquarters on the marina in Lagos, Sanusi O. Olanigun, head of public relations, showed a visitor a pile of press cuttings for 1982. He had done a count: unfavorable comments 612, favorable 805. Then, as they chatted about the Nigerpower Band, the authority's own, which was to play at a function the following weekend at the Federal Palace Hotel, the air conditioning sputtered, ticked a bit and fell silent. Was it a power cut? Yes, he had to admit that it was.

—DENIS HERBSTEN

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NIGERIA

Armed Forces Receiving Top Priority Development

Special to the IHT

A DOZEN YEARS after the end of the civil war, the Nigerian armed forces are being given top priority treatment by the Shagari administration. An accelerated weapons modernization program, allied to attempts to create a better-educated army, is part of Nigeria's preparation for the role as leader of black Africa.

While the size of the total government budget has been reduced, this year's budget allocated 650 million naira for defense spending, against 451 million naira in 1981. Nigeria has not been called on to wage war externally recently, though it contributed to the peacekeeping forces in Lebanon and Chad, and there are doubts about the combat readiness of the three services.

The backbone of the armed forces, the army, has been trimmed from its civil war size of 250,000 to an estimated 120,000. Estimates of navy and air force numbers are 4,500 and 7,000, respectively. The huge growth of the war years was a result of the thousands of civilians enlisted for short periods as the fighting dragged on. Though for the large part ill-trained, they stayed on afterward, preferring the forces to the bleak prospect of unemployment.

General Olusegun Obasanjo, Nigeria's last military ruler, embarked on a positive policy of demobilization. By 1978, the numbers were down to 180,000.

The present figure of almost 140,000 has remained static for the last 18 months. Nigeria has the third largest full-time army in Africa, after Egypt and Ethiopia.

As far as the army is concerned, there is now to be a concentrated attempt to recruit younger and more educated men, by comparison with the often illiterate soldiers of the civil war period. Recruitment will still be on the ethnic quota basis in order to ensure political balance. At the same time, the army, which has a strong infantry tradition, is switching to greater mechanization, with all the heavy investment and soldier training that that infers. The emphasis is to be on a force that relies on mobility, equipment and training rather than on sheer size.

Mechanized expansion does not mean a change in the policy of avoiding dependence on suppliers from one country or defense alliance, though the latest visit to the marketplace shows a bias toward British equipment. According to the latest report of the authoritative journal, *Military Balance*, Nigeria made the following major purchases in the year ending June 1982:

Britain: Vickers Mark III main battle tank (36 ordered); Lynx helicopters (3); Blowpipe surface-to-air missiles; Bulldog 123 light aircraft (5).

France-West Germany: Roland (Continued on Following Page)

Food Imports Grow As Exports Decline

By Tom Forrester

IN 1980, President Shagari launched a Green Revolution program with the aim of making Nigeria self-sufficient in food by the mid-1980s.

The World Bank was important in determining the priorities of the program, and the same policies were presented in the bank's report on "Accelerated Development in Sub-Saharan Africa." The central feature was reliance on a small-holder program pioneered by the bank's Agricultural Development Projects since 1975.

These projects have now spread to include some of the richest farming land in Nigeria. The emphasis is on input supply, extension services and road construction. The Green Revolution program argued for a smaller role for large scale, capital intensive, state projects like the irrigation projects in the north, the state food farms and the river basin development authorities. It also urged less reliance on subsidies, a smaller bureaucratic presence in agriculture, and a larger role for the private sector in the supply of inputs and in investment.

While the Green Revolution program has helped sustain the federal commitment to funding agriculture, there is little evidence that the capital-intensive state projects have been downgraded or the agricultural bureaucracy trimmed. With the present squeeze on state expenditure and the decline of foreign exchange reserves, all projects have been adversely af-

fecting, including the World Bank projects. State governments in particular have been unwilling to accord agriculture the priority implied by the Green Revolution program. They have a very large commitment to fund education and cutbacks in this area are politically sensitive, especially in an election year.

The foreign exchange crisis has again drawn attention to the growth of Nigeria's food imports and the virtual disappearance of agricultural exports. One of the most striking features of the Nigerian economy in the 1970s was the growth of food imports. In recent years they have grown around 15 percent a year. One estimate for 1982 puts the food bill, including unrecorded items, as high as 2 billion naira. At this level, food imports could well absorb a quarter of foreign exchange earnings.

One reason for the growth of food imports is the high cost of local production combined with the effect of an overvalued exchange rate, which makes imports cheaper. Home-grown rice, maize, wheat and vegetable oils have all proved vulnerable to low-cost imports. On the credit side, there has undoubtedly been an expansion of acreage and increase in yield in those food areas where the World Bank has concentrated its resources and management.

On the whole, however, the prospects for increased foreign exchange earnings through export, and through import substitution in agriculture, are very poor. The tar-

Key Economic Indicators

	1980	1981	(proj) 1982	%change 1981-82
Production Index (1972=100)				
All Manufacturing	344.70	364.20	335	-8.2
Cotton Textile	257.30	235.20	200	-15.0
Vehicle Assembly	2808.20	1,139.10	1,200	5.2
Cement	146.90	170.20	190	11.7
Utilities	271.70	327.90	350	6.7
Agricultural Production (1000 tons)				
Yams	18,120	18,300	18,400	0.5
Maize	3,130	3,180	3,240	1.9
Corn	1,720	1,750	1,775	1.4
Rice (Paddy)	1,090	1,125	1,235	8.0
Palm Kernels	345	350	355	1.4
Cocoa Beans (Commercial)	170	170	160	-5.8
Cotton (Lint)	26	20	22	10.0
Peanuts (1979-Commercial Production, 1980/81-Total Production)	560	610	635	4.1
Monetary (December 31 N millions)				
Money Supply	9,277	9,745	10,200	4.6
Commercial Bank Credit	10,788	16,268	17,900	10.1
To Private Sector	7,191	9,654	10,400	7.7
To Government Sector	3,597	6,614	7,500	13.6
Retail Price Index (1975=100)	219.50	257.20	301	17.0
Reserves (dollar millions)	10,678	4,000	1,000	-75.0

get of food self-sufficiency by 1985 is unrealistic. A look at the production of cocoa, rice and sugar will show this. Wheat and palm oil are other crops where the domestic production has failed to increase as fast as domestic consumption.

By 1980 the level of cocoa exports had slipped to 157,000 tons, the lowest level for 20 years. Cocoa now accounts for about 2 percent of export earnings. Since 1980 there has been little improvement, though there is hope that the work of the Cocoa Development Unit will at least prevent further decline. One result of the stagnation of Nigerian exports has been a

swirl by European buyers to the Ivory Coast, now the largest cocoa producer in the world.

In the cocoa belt, farmers have been leaving to pursue more lucrative occupations elsewhere. Wages have generally risen faster than cocoa prices, despite the fact that the cocoa board has pursued a much more favorable price policy since the dissolution of the old marketing board system in 1973. As a result, investment in cocoa farms has fallen off. The UN's Food and Agriculture Organization estimates that 75 percent of the area of planted cocoa consists of trees that are more than 30 years old. An at-

tempt to rehabilitate the cocoa area began in 1971 through the work of the Cocoa Development Unit. Participating farmers are required to produce a hectare of suitable land or to agree to the rehabilitation of a plot of that size. High yielding cocoa seedlings are provided, no interplanting with kola is allowed, and fertilizer and chemical sprays have to be applied at regular intervals. Credit is provided for inputs and also for the hire of labor. The major bottleneck is the increased demand for labor that rehabilitation involves. Family labor is limited, and wages are very high. The cooperatives that

advance credit are a major source of complaint from farmers. Local cooperatives are reported to have excluded farmers' groups from participating in the rehabilitation scheme, imposed illicit levies on loans, and used loans to trade in cocoa.

Rice imports have risen rapidly and are estimated at more than one million tons this year, against 600,000 tons last year. The attraction of relatively low-cost imported rice, and large shifts in consumption toward rice have played a part. A number of programs are under way to boost local production and raise yields.

Expanding TV Network Becomes Truly National

PERHAPS ONLY to a former colonial district officer, returning to the country after 22 years, will it be a surprise that television, along with its forerunner, radio, has replaced the town crier, the once all-powerful "bush telegraph," as the medium of communication in Nigeria.

When Africa's first television station was commissioned in Ibadan, Western Nigeria, on Oct. 31, 1959, only a handful of urban Nigerians, in Ibadan and Lagos, mainly the emergent political and bureaucratic elite, were to take over from the colonial administration one year later, could afford a television set.

Today, the emblem of the Federal Department of Information may still be the town crier's hand gripping the handle of a bell, but a television set is a fixture in 2.27 million homes, according to a recent Nigerian Television Authority study. This may seem insignificant in a country of 80 million people, but the communal viewing pattern of Nigeria, where the TV owner opens his doors to his neighbors at viewing times, means that about 31 million homes have regular access to television.

Begun with the minuscule black-and-white Western Nigeria Broadcasting Service Television in 1959, Nigerian television now operates a color station in each of the 19 states in the country, plus two stations in the capital, and a national network service using a relay of Domestic Earth Satellites.

The television establishment could be said to have reached its high-water mark with the commissioning of a pilot station in the new federal capital territory of Abuja, which was able to relay nationwide the Oct. 1, 1982, independence anniversary celebrations from the new city. The Abuja project is perhaps less significant for what it is now, a pilot station, than for the promise it holds. It is the nucleus of a proposed, ultra-modern permanent headquarters for the television authority, with an administration, news and programs skyscraper complex and an ambitious Hollywood-in-Nigeria film village.

But for now, what the transistor radio did for the nomadic Fulani cattleherd and the southern village peasant, television is doing for the rest of urban Nigeria. More than 33 transmitters cover 80 percent of the population and more than 75 percent of Nigeria's land mass. A giant satellite station at Lanlate in Western Nigeria links the country to the Telstar world network, putting even the rural population a push-button away from such major world events as the Moscow Olympics.

About 2.25 million Nigerians with a total income of 8.3 billion naira a year own television sets, about one-third of them in color. It is estimated that the number is growing at the rate of 15 percent a year. To bring television closer to the poor rural communities, the television authority spends about 2 million naira a year setting up and maintaining communal viewing centers.

The pioneer WNBS-TV, Ibadan was established by the then Western Nigerian government, as later did the other regional governments in Enugu in 1960, and Kaduna, 1962. Later in 1962 the federal government joined the race and set up NBC-TV, Lagos. Within that first decade, about 22 African countries followed Nigeria's lead and set up their own television stations. With the creation of 12 Nigerian states in 1967 and 19 in 1975 by the military regimes, the number of stations had risen to 10 in 1977.

With the return to civilian government in 1979 and the emergence of heterogeneous political parties in power in the states, the political leaders, especially the

governors of states not controlled by the party in power in Lagos, began to set up their own stations. The number of TV stations in Nigeria at the moment is nearly 30, 22 of them owned and controlled by the federal government.

The growth of television has naturally promoted an energetic struggle for its control. Though news, some current affairs and a number of drama programs are broadcast in vernacular (or pidgin English, the unofficial lingua franca of Nigeria) for the large illiterate population, no one loses sight of the fact that the vast majority of TV viewers are the educated elite who wield considerable influence in their communities.

Vincent Maduka, the pioneer director-general of the television authority, said, "It is not just in Nigeria. All over the world, every power-seeker wants control of the media. It is a recognition of the power of the media."

Ironically, the military dictatorship that brought television under unified federal control appeared to show less enthusiasm for controlling it. But frequent accusations of bias against the television authority's stations were among the reasons a recent electoral law made provision for all-party central control of government media before, during and after the general elections.

Mr. Maduka's view is that the politicians show greater interest in media control than military men because "the effect of the political system is more pervasive." In a political system, he pointed out, "there are more pressure points. The board members represent a political interest, whereas under the military they were professionals and technocrats. Also, many staff are in contact with one politician or the other."

As the 1983 election draws nearer, media control is bound to be a constant controversy, especially as some Nigerians, including media executives, have insisted that the electoral law provision amounts to censorship. But Mr. Maduka's opinion is that "media operators should concern themselves with how best to meet the demands of the politicians and at the same time strengthen their own position." One way to achieve media freedom, Mr. Maduka suggested, is that "the recruitment and tenure of senior professional media staff should be guaranteed by law."

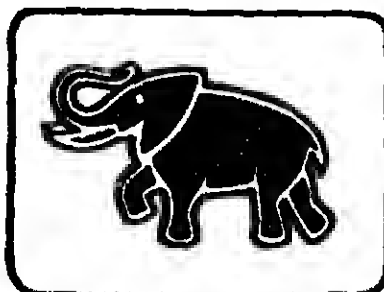
Still, television in Nigeria does strive to meet its perennial objectives, to enlighten, educate and entertain. At least 75 percent of programs are locally produced, the 25 percent foreign programs being mainly imports from the United States and Britain.

Such retired British comedies as "The Many Wives of Patrick" and "Doctor in the House" and old American programs like "Sanford and Son" and "Diff'rent Strokes" are currently popular. Breakfast television is still a long way away, although most stations run British and American films on weekend mornings. The average station transmits about seven hours a day, and few go beyond midnight.

The upgrading of standards has been the preoccupation of television executives over the past half decade since the television authority was established, but results have not matched aspirations. Last year, the Nigerian Television Authority contracted a 24-man expert team of black Americans, led by former CBS News reporter Randy Daniels, to polish up the techniques and style of local staff.

The authority's news team may only now be starting to grapple with the teleprompter, newscasters still repeatedly smirk and grin even when reporting a tragic incident; captions still do fall off their stands on-camera. But the show goes on.

—EDDIE BROH



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NIGERIA

Armed Forces Get Top Priority

(Continued from Preceding Page)

land II surface-to-air missiles (16). Italy: Palmaria 155mm self-propelled howitzers. Switzerland: Mowag Piranha armored personnel carriers (57).

United States: Hughes 300C helicopters (15). Few of these weapons have been delivered, almost certainly because of the country's import cutbacks. The weapons, added to the existing armory, will mean that, for instance, there will be British and Russian (T55) tanks, and Swiss and Austrian (Steyr) armored personnel carriers.

Diversification of nationalities is repeated throughout, causing problems of maintenance, of obtaining spare parts and of training. One military source in Lagos said: "Maintenance is not their strong point — and that's an understatement."

Nigeria often does not buy spare parts at the time of the original purchase and added confusion is caused by the fact that tools cannot be standardized. Sometimes Nigerians are sent for training in the country of manufacture, but the preferred method is for it to take place in Nigeria. But still the maintenance specialists can only work on one type of weapon, and have to be reconverted to new varieties. Often, the private sector will lure away army-trained technicians with the promise of higher salaries.

Britain, with more than 1,000 Nigerians taking a variety of land, sea and air courses annually, remains the principal foreign training ground. Others go to the United States and India. There are also a number of British officers in Nigeria on training missions. All is not well in the air force. Dissatisfaction over its preparedness was expressed publicly last September by the chief of staff, Air Vice Marshal Abdul Bello, who appealed for a "virile and efficient" air force. President Shugu Shagari responded in November, pledging effective protection of Nigeria's air space. The government-owned Kaduna newspaper, the New Nigerian, commented that the speech "must have drawn little cheer from the air force high command... It appears there has been

no appreciable effort on the part of the federal government to fulfill the president's promise."

The air force's main strike aircraft are 16 MiG-21 jets and a dozen Alpha jets. It is widely believed that Nigeria will buy Jaguar jets from Britain, though nothing has yet been signed. The navy has recently received four British "Hippo" class corvettes, for fast, heavily armed coastal protection. Nigeria has also recently bought several French Exocet missiles. Police and prisons capital expenditure will more than double in the coming year, which happens to coincide with the general election. The increase may be meant to underline the fact that internal security is to remain in the hands of the civilians. The mood of the army, anyway, seems to be to keep out of politics. The high command is believed to view the present government with favor and to have no intention of intervening except in the case of riots that get out of control.

The way troops are garrisoned is also thought to cut down the likelihood of a successful coup. Military and civil regimes have avoided a concentration of troops in any part of the country. There is at least one camp in each of the 19 states, though some have more than one and Lagos, as the federal capital, has three, including the brigade of guards.

In addition, Nigerian company commanders are kept moving around, sometimes changing units and garrisons every six months, so that they do not become overly popular with their men. In the unsuccessful coup in 1976, the head of state, General Murtala Muhammed was killed, the radio seized and an announcement broadcast by the plotters. But the important garrisons refused to accept the coup.

Finally, there is the question of what role Nigeria's armed forces would play in the struggle against apartheid South Africa. At the moment, Nigeria is pursuing diplomatic avenues in an attempt to reach a settlement in Namibia. There have been reports that Lagos has offered to participate in a United Nations force in the territory, but other means might be considered.



A Niger Delta fisherman casts a net in the traditional manner west of Port Harcourt.

REPORTER'S NOTEBOOK

Kano is a teeming city, its population impossible to quantify. The census in Nigeria invariably contributes to mistrust between ethnic groups. Southerners do not believe the high figures for the northern states, which means more central government funds are allocated to them.

By Denis Herstein

BY GOING TO Nigeria without enough personal cards, I almost relegated myself to the status of a nonperson.

It works like this: You enter the office of your interviewee, who flashes a card, gaudy, large, autobiographical, depending on whether he is the branch superintendent of the Nigerian National Petroleum Corporation in Kaduna, a caster of bronze replicas in Benin City or the editor of a Lagos newspaper. I dip into my top pocket and we exchange particulars as if performing some courtly ritual.

But with my cards in a desk drawer in London, I had to eke out the half dozen fortuitously discovered in my wallet. If my interlocutor did not immediately put my card in his drawer, I would ask him for it back. Some valued it highly and refused. But usually they obliged, albeit diffidently. Even so, toward the end of my stay the cards had become so grubby that I was obliged to prove my identity by other means. It is surprisingly refreshing to speak up personally for yourself.

FEW THINGS had changed in the six months since my last visit to

Lagos. Now the lads selling their wares in the traffic jams were offering the "Battle for the Falklands" videocassette, apart from the usual array of crockery sets, pot plants, car vacuum cleaners, air fresheners in the form of scantly clad women. Korean-made sunshades and watches, watches, watches. When the former British prime minister, Edward Heath, found himself stuck on an overpass in Lagos earlier this year, he was offered a copy of the Nigerian constitution.

In the center of Lagos, the holes in Broad Street, which is the Wall Street of Nigeria, grow and grow.

And around the Bristol Hotel, near the market where you buy the *adire* cloth, ranks of money-changers offer naira at favorable rates. It is quite blatant. Men with thick wads of loot in their hands just will not take no for an answer. Outside Ghana Airways, where a crowd is forever pressing, a pickpocket got his hand onto my wallet but he was so clumsy that I held on and saved those visiting cards. In New York I would not have noticed until I had got back to my hotel.

This time my host was an English friend who lives alone in a house on Ikoyi Island. Well, not quite alone. At the last count, there were 27 people living in the grounds, steward, cook and their families, as well as a batch of Ghanaian night watchmen in the front garden. One of them had set up a business repairing television sets. My host came back one night from a diplomatic dinner. "You could have been in Europe for all that house told me," he said. "When I come back home, the music, the people, the smiles, I know I'm in Africa."

AT LAST Nigeria is to get a serious, in-depth newspaper. Stanley Macebu will launch The Guardian in February, just in time for the election campaign. Now, the occasional visitor will be able to cut through the bewildering array of factional newspapers and obtain some idea of the issues.

In November, during the breakdown of the Organization of African Unity summit in Tripoli, I looked for an inside account of what had happened. Not one of Nigeria's 25 or more newspapers obliged.

IN KADUNA, where the British watched over indirect rule, I dined on yam and chicken at the Hamdalla Hotel. The following morning I inspected the car that was to take me to Kano. The tires looked new, so off we went. Before we had left the outskirts of the city, I learned that the brakes were lousy, the steering involuntary and the driver prone to repeat "No problem" every time I sucked in my breath.

Expatriates tend to discuss Nigerian taxi drivers in the same way that earlier generations used to discuss servants — incorrigible bouncers, but, oh dear, what would we do without them. So here goes.

It is Saturday morning, the road is busy. Every few miles we pass the tomb of the mangled driver. One of these is a perfectly aimed head-on collision, the two cars reduced in length to one car as if in an experiment by a road safety organization to illustrate the retribution meted out for sinful driving. Every five miles or so police wait at a barrier, not to inspect the safety of vehicles but to increase their unofficial earnings. We also pass baobab trees and little markets selling yams and tomatoes and coconuts, and the handsome produce of what looks like a good harvest. Vultures hover above the road.

My driver, for the 20th time, begins to overtake on a bend, almost hitting the left-hand bicycle track in an effort to avoid potholes. Just then a van full of party political supporters on their way to a rally in Kaduna bears down on us, overtaking a fuel tanker. Young fellows are hanging out of the windows waving a Nixon-like finger-up-victory sign. My man swings back, muttering "Don't worry."

But I do. I slap him on the back and tell him hoarsely I am walking the remaining 50 miles to Kano. We agree that he should not exceed 50 miles per hour and should only overtake when he has a clear view of at least 400 yards.

"No problem," he says, as I get out and give the car a push-start. We arrive in Kano in just about one piece.

KANO'S FABLED city walls are disappointing. They are low and made mostly of mud and earth. My taxi driver said they were used

to keep out bows and arrows. He also showed me the Emir's house, in the British town, and the Emir's palace, which sits up on an enormous chunk of the Old City. At the dining pits, the oldest in Africa, I was buttonholed by a Zorba-like chap who spat into my eye as he expounded on the open pots in the ground where indigo waits to be boiled by the sun (it was the nearest I came to seeing solar heating in Nigeria). Sometimes man-made dyes, from ICI in Britain, are added for a greater variety of cloth colors.

How long has this little business been going on? Zorba said that when the queen of England came to visit before independence, she drove down this very street and the first thing she asked the Emir at his palace was "how long?" The Emir begged half an hour's grace, consulted his councillors, fed the various answers into what then passed for a computer, and came up with "1,000 years." I paid Zorba one naira for this information.

Kano is a teeming city, its population impossible to quantify. The census in Nigeria invariably contributes to mistrust between ethnic groups. Southerners do not believe the high figures for the northern states, which means more central government funds are allocated to them. The uncertainty is caused by the open borders that are crisscrossed by Fulani cattleherders and Hausa traders, as well as by large Moslem families.

Still, since the killing of Ibo in Kano before the civil war, Christians live there peacefully enough. My taxi driver, when asked why his profession appeared to be dominated by Ibo and Yorubas, replied: "Some people they didn't know how to drive taxis too much."

On the other hand, the night manager at my Kaduna hotel, responding to my view that things were more relaxed than in Lagos, laughed. "Yes, we do things rather differently."

As to Nigeria's population, it is 82 million today and the official forecast is for 258 million by 2020. Unless, that is, they build more roads.

A WORD about Nigeria Airways. I must say that they have never let me down. The one cancellation out of their control was when the dust from the *harmattan* wind prevented our plane flying from Lagos to Benin City. The day before, however, the internal airport had come to a standstill in a curious dispute between the airline and the Nigerian airports authority, which, rumor had it, was owed 10 million naira. The airline had, according to the same rumor, proffered a check for 2 million naira, which had bounced. So the airport authority parked a fire tender at the bottom of the runway and waited for its money.

Then, flying from Lagos to Abuja, I told myself to relax. Observations of passengers had taught us one important lesson — the Nigerians enjoy themselves when they travel. But the whites are strained, in a hurry, uncertain what the day and Nigeria Airways may bring. When a tout asked if he could get me a boarding pass, I was wont to respond: "I am perfectly capable of getting my own boarding pass, thank you very much." This time I let the fellow do it for me, and it was worth every naira of it.

At Kano airport, I was the only passenger boarding. Relaxation was impossible. The combination of boarding pass, airport tax, airport policeman, customs, immigration and health officials was perfect for the creation of tension. Fortunately, an Ibo "hailman" helped me through. But I was right to be worried. As the plane touched down, with only one other passenger from Lagos, the air hostess said: "You are very lucky. We almost didn't come." That would have meant a day's taxi drive to Niamey in Niger.

Despite it all, Nigeria is irresistible. Where else on the African continent do black visitors suffer from culture shock?

Economy Falters as Election Test Nears

(Continued from Page 7S)

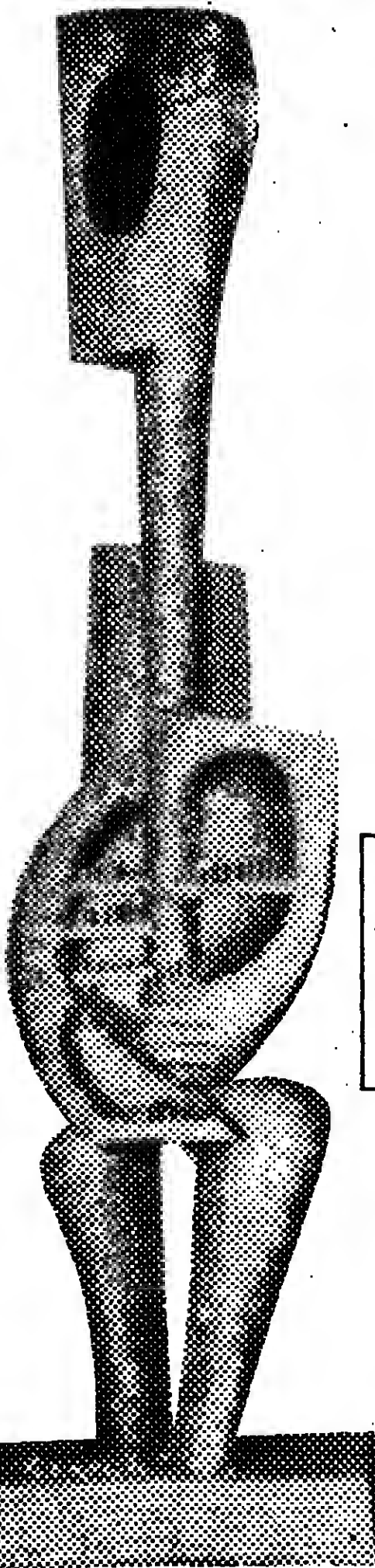
is an economic one. To overburden an already overstretched economy with a large number of states will only guarantee further stagnation of our socio-economic development. Everything considered, we should settle for no more than five additional states.

If the politicians can display a greater ability to act responsibly during a severe economic recession, there are good chances of the existing democratic system surviving, but in such a diverse country, any national leadership has to cater for a wide variety of regional demands, which may not be realizable if the coffers are empty. The economic situation is the greatest threat to both the Shagari administration and the democratic system. Future stability depends on the behavior of the parties, the army and the media.

For the five weeks of the elections themselves, the army and the media will hold the country in a delicate balance, according to present indications. The idea is being floated that the army should supervise the elections in order to stop rigging. The National Assembly has also passed a bill allowing for press censorship during the election period.

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Deposits etc.		2,548,230	2,407,218	Loans and Discounts		1,532,436	1,268,844
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ARTS / LEISURE

Covent Garden Turns 250

By Henry Pleasants

LONDON — The Royal Opera House, Covent Garden, is more commonly and familiarly referred to simply as "Covent Garden."

This explains and justifies the recent celebration of its 250th anniversary with an exhibition at the Royal Academy, the publication of a lavishly illustrated "History of the Royal Opera House, Covent Garden, 1732-1982" and a new production of Handel's "Semele," which had its first production at Covent Garden in 1744.

For the fact is that there have been on this site — no longer occupied by London's principal fruit and vegetable market — not one theatre, but three, the present one dating from no earlier than 1838. Five destroyed the first in 1808 and the second in 1856.

Nor were the first two primarily opera houses, despite the operatic designation. They were more frequently given over to drama, light opera and pantomime. Even the present theatre served during the World War II as a dance hall.

The exhibition, "Royal Opera House Retrospective 1732-1982," assembled by Geoffrey Ashton and Iain Mackintosh, and displayed in the so-called Private Rooms of Burlington House, Piccadilly, reflects this diversity of occupation and enterprise. It also reflects, quite intentionally and effectively, the changes in the graphic arts' approach to the theatre.

Ashton and Mackintosh call it "a survey of the last 250 years with performers of each period seen through the eye of the contemporary artist — the theatrical painter and, latterly, the theatrical photographer."

The exhibitors have seen fit, and wisely, to begin with the present, with the photographs, and then work backward through time but not overwhelming portraits of Adelina Patti and Dame Nellie Melba, by Franz Xavier Winterhalter, and the appropriately Australian Rupert Bunny, to the giants of the 18th century, most notably Sir Joshua Reynolds (founder of the Royal Academy), William Hogarth, Gainsborough, Dupont and Sir Thomas Lawrence.

They are all assembled in Part III ("A National Theatre 1792-1846") in the Reynolds Room, dominated by Sir Joshua's famous and splendid full-length portrait of Mrs. Elizabeth Billington (1765-1816) as Saint Cecilia, surrounded by winged, dancing cherubs, a scene from the Beverbrook Art Gallery, in Frederick New Brunswick. It was begun in 1786, when the singer was 21 and as beautiful as she was gifted.

Mrs. Billington, as she was always known (her maiden name was Weichsell), was England's first great international prima donna. Her career — as those of all other

performers — is accurately recounted in the exhibition's admirable catalog. A pity only that there is no mention of the eruption of Vesuvius that coincided with her debut in Naples in 1794 and which the Neapolitans — some of them, anyway, blamed on the appearance of a Protestant on the hallowed boards of the San Carlo. A pity, too, that the exhibition fails to include James Gillray's equally familiar 1801 caricature of Mrs. Billington as Mandane in Thomas Arne's "Artaxerxes," representing her as a cherub of conspicuous obesity.

The Reynolds painting is the centerpiece of the room and, indeed, of the whole show. It is appropriately displayed on the posters and the cover of the catalog, and is worth a visit for itself alone. But it is in good company with Dupont and Lawrence portraits of John Kemble and others in a wide variety of roles, costumes and settings.

The earliest years are less elegantly represented, but then the period itself was less elegant, at least in the theater, which in England was commercial and catered to all classes. The cartoons show the first Covent Garden house to have been small, with the spectators densely packed and often unruly.

John Copley's production of

"Semele," with lovely sets by Henry Bardon and strikingly stylized costumes by David Walker, its run now concluded, emerged as a museum piece, too, and a handsome one in every respect. This was not at all the "Italian opera masquerading as an oratorio," as it was described in 1744, but rather the Italian opera freed of many Italian opera conventions — and the Italian language — that Handel may well have had in mind.

It was conducted by Charles Mackerras, also responsible for the richly embellished edition, and charmingly sung and acted by Valerie Masterson in the title role, Robert Tear as the philandering Jupiter, and Kathleen Kuhlmann, an American making an auspicious Covent Garden debut, doubling as Juno and Semele's sister Ino.

Not all of the rather highfalutin English of Congreve and others came across, but with such familiar numbers as "Where'er You Walk," "O Sleep, Why Dost Thou Leave Me?" and "Hence Away," it hardly mattered.

The new multi-authored history, with its many architects' drawings of the three houses and their numerous alterations, will be of special interest to those concerned with the history of theater architecture.

The exhibition remains through Feb. 6.



Reynolds's portrait of Elizabeth Billington (detail).

'French Without Tears': Rattigan With Rust

By Sheridan Morley

LONDON — Having given us far and away the best Noel Coward revivals of the last decade, Alan Strachan of the Greenwich Theatre is turning his attention to Terence Rattigan, and after last year's stunning "Deep Blue Sea" with Dorothy Tutin, now get "French Without Tears," the "Franglia" comedy that made

THEATER IN ENGLAND

Rattigan's name as a dramatist in 1936. Strachan has again done a careful and loving production, with a superb cast headed by Clive Francis as the naval commander, Jane Boker as the faithful Diana, and the inoffensive Jeremy Sinden as the college cad, but somehow this curious parable of sexual frigidity and promiscuity is now showing a few hairline cracks.

Why it should have dated so much more than, say, Coward's "Hay Fever" (in many ways a very similar piece about a totally enclosed and privileged group suddenly invaded by unlikely strangers) is hard to fathom, unless it be that while we can still relate to Coward's over-the-top theatricals, English students at a prewar language school on the west coast of France seem oddly out of our ken. Somewhere in this play, lies

the key to Rattigan's more uneasy feelings about his own father, his own sexuality and his own choice of career; but as a comedy of bad manners it is getting diddledly rusty and not even as immensely stylish as a revival as this can disguise the fact that Rattigan's comedies are now wearing a lot worse than his dramas.

It was courageous but also somewhat ungaurd of the London Shakespeare Group to decide to show London over Christmas the production of "Twelfth Night" with which they have in the last few months been touring China, Japan, the Philippines, Singapore and Malaysia. For those aspects of the production that made it suitable for rapid and often difficult touring — speed, simplicity and economy (only eight actors are used, all other roles being either doubled or cut) — are precisely those least likely to appeal to an English audience that has shelled out the usual ticket money.

Were I living in a nation where English is not widely regarded as the main language, where Shakespearean acting is rarely found and where any play is better than no play at all, then I think I might have liked this John Fraser production very much. Seeing it at the Warehouse in Covent Garden,

however, on a stage only recently vacated by the Royal Shakespeare Company and in an audience that clearly knew both the play and the language, this "Twelfth Night" seems inevitably truncated, oversimplified and heavily signposted, as though overseas theatergoers are likely also to be numbskulls.

The set (three wheeled platforms by Maxine Webster) is versatile and efficient, which is about the most that can also be said for the acting of Fraser (who directs and doubles as Malvolio and the sea captain) and his troupe of strolling players, among whom only Edward Petherbridge as Feste began to indicate that he might have thought deeply about why he is doing this play rather than any other chopped-down classic suitable for air-lifting to culture-starved corners of the globe. Those of us lucky enough to have seen the RSC, or even Prospect at its best, have alas come to expect rather more on home territory.

nally turned up as three consecutive lunchtime one-acts at Ayckbourn's own Scarborough Playhouse. Now cut down to form one two-hour evening, they give Rosemary Williams, Susan Denaker and Jill Martin the chance to play three different and contrasting aspects of the same suburban housewife, whom we meet while she is giving an interview to the local paper.

The result might have been a small-scale suburban English "Company," except that the music here (by Paul Todd) and Ayckbourn's own book and lyrics are so deeply undistinguished and repetitious that an originally good notion dies of its own subsequent inertia despite strong players and an agile production by Kim Grant.

More 'Dallas' for Germans

Bonn — West German television's first channel, heeding viewers and not the government, announced that the present series of 92 programs of "Dallas" will end April 5 and a 56-part series will begin Sept. 13.

Born-Again Mother Goose

By Curt Supple

WASHINGTON — A born-again "Mother Goose?" Who needs it? Marjorie Ainsborough Decker says we all do.

So far, half a million customers have agreed. And when the annual Yale blitz subsides at the bookshops and the cash-register smoke clears, the odds are good that this year's No. 1 juvenile title in the United States will be one you can't find in most stores: "The Christian Mother Goose."

Written and illustrated by Marjorie Decker, 58 ("and I'm never going to grow old"), of Grand Junction, Colorado, marketed by her son Kevin, 26 ("and I'm never going to grow up"), and published by the family's Decker Press, "TCMG" now has 586,000 copies in print at \$10.95 each. The Decker claim it is the United States' best-selling hardcover children's book. They're probably right.

"Religious books of a fundamentalist nature have just absolutely phenomenal sales," says Robert Hale, associate executive director of the American Booksellers Association. They never appear on the best-seller lists, he says, because they are not sold in the trade bookstores. "But they sometimes sell — by hundreds of thousands — books on the lists."

It was an idea whose time had come. Marjorie Decker took a hard look at the nursery rhymes that have lulled English-speaking toddlers for two centuries. What she found was an infidel horoscope of blind amputee rodents and blackbird-infested pies. Not exactly God's little acre. So she set out to purge offending passages, recast the immemorial verses as Christian homilies and create a sort of gumdrop paradise composed of equal parts Hanna-Barbera, Jerry Falwell and Lord Baden-Powell.

Remember the old woman who lived in a shoe? With the single-parent household in need of a visit from Planned Parenthood? Here's her draconian solution to the twin heartbreaks of brat-glut and substandard housing:

She gave them some broth, Without any bread, And spanked them all soundly And sent them to bed.

Too grim for Decker. Her old woman

... had so many children, And loved them all too, She said, "Thank you, Lord Jesus, For sending them bread, Then kissed them all gladly And sent them to bed."

No less inspiring is the resurrection of H. Dumpty. In the original, the ovoid gent's condition is termi-

nal, but Decker heals him through divine intervention:

Humpty Dumpty shouted, "Amen! God can put me together again."

Little Bo Peep still misplaces her livestock in the Decker version:

But Jesus knows And can bring them home, Wagging their tails behind them.

Similarly, Old Mother Hubbard's bare-cupboard and pooch problems are miraculously relieved when, after prayer, the Almighty provides "bones in a sack." (Not exactly the Red Sea parting, but what do you want for \$10.95?)

"My childhood was very rich in nursery rhymes," said the author, who long ago left her native Liverpool for the United States. She had always been "a serious lover and student of the word of God." But it was not until 1975 that she had The Revisionary Vision. It was a normal night at home: Marjorie Decker was sitting in her bathtub, telling stories to her four boys via walkie-talkie. (She had always thought and composed best in a warm soak, she says, yet the nippers demanded tales. The aquatic broadcast permitted both.) Near her tea tray was a Bible and a copy of "Mother Goose."

"It was one of those flashes of inspiration," she says. "I started paraphrasing right there," achieving such rhapsodic heights as this: "Fee, fi, fo, fum, I smell cookies that smell yum-yum."

By 1978 she was finished and very excited. She was also rejected

by "three major Christian publishers." But the Deckers' faith was as a truckload of mustard seed: They sold the family trophy-making business and published "TCMG" themselves. And to the mountain moved: After making a debut at the 1979 Christian Booksellers Convention, the book started selling like holy hotcakes.

The gospelized "Goose" is "a phenomenal success," says John Bass, executive president of the Christian Booksellers Association. "It's uncanny how it dominates the marketplace," often topping the Christian best-seller list in the CBA's magazine, Booksellers Journal. And the Christian book biz is now a \$1-billion-a-year industry, shipping more than 3,000 titles annually to specialty stores and clubs.

Beyond the first book, there's a "TCMG Treasury" of more rhymes (also \$10.95), with a third volume due out next summer. There's an LCC album (from Word Records, ABC's religious wing), a 94-minute TV special for Christian stations based on Marjorie Decker's own characters (Charlie Crick, Grandpa Mole, et al.), and the official CMG hot-air balloon for promotions ("a poetic symbol," says pilot Kevin Decker, "of who we are, what we do").

"We have a hunch that faith is going to be consistently — and therefore commercially — a force in American life," he says. Hence the Deckers' ultimate "20-year dream": a Mother Goose Land family theme park.

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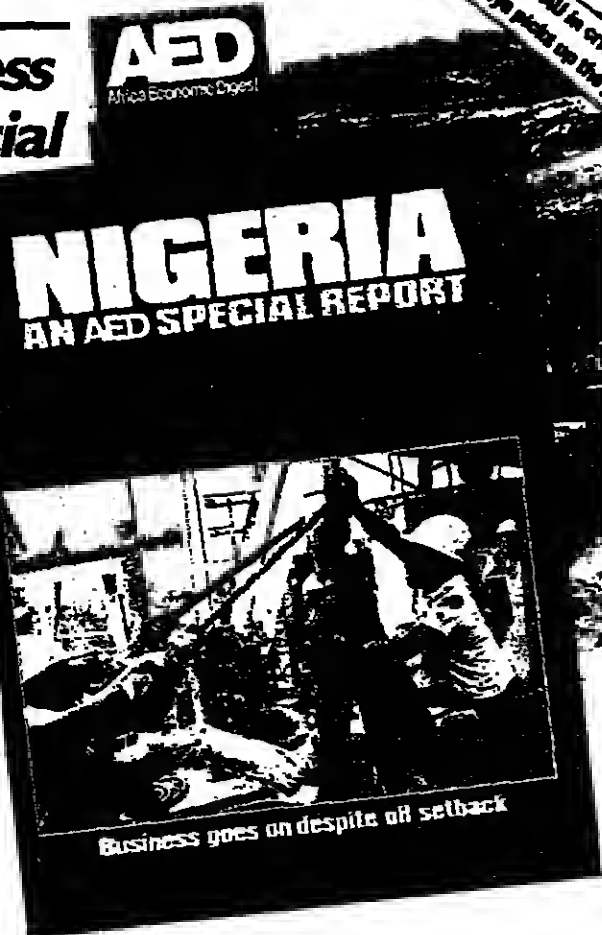
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BUSINESS BRIEFS

Unit of De Beers Will Market Australian Diamond Output

PERTH (Reuters) — The Western Australian state government approved proposals for De Beers' Central Selling Organization to market most of the output of the Argyle diamond mine, the two major producers, CRA and Ashton Mining, said Tuesday.

The approval means that limited production can start next month at what may be the world's biggest gem deposit, a spokesman for the Argyle diamond mine said in Perth. The mine could produce up to 25 million carats annually by 1985, three times the amount produced by South Africa.

CRA holds a 56.8 percent interest in the project, and Ashton Mining holds the rest. They have signed an agreement for the CSO to handle most of their share of production. Northern Mining Corp. plans to sell its 5 percent share of production through a Belgian merchant.

De Beers, which already controls 80 percent of the world diamond trade through the CSO, had argued that it was the only company with sufficient expertise to market the mine's output. Prime Minister Malcolm Fraser originally objected to an agreement with the CSO because it would strengthen the "South African monopoly" in diamonds.

Wienerwald Creditors Accept 40%

MUNICH (Reuters) — Creditors of Wienerwald agreed Tuesday to accept 40 percent of their money and thus allow the restaurant chain to continue in business, the receiver, Josef Fuchel, said.

After a meeting with creditors, he said larger debtors agreed to accept 50 percent, with the possibility of more from the future sale of some assets. The debts of Wienerwald, the West German subsidiary of Wienerwald Holding of Switzerland, are estimated at 112 million Deutsche marks (\$46.62 million) and total Wienerwald debt at about 250 million marks.

Krupp Unit Gets Mannesmann Job

ESSEN, West Germany (Reuters) — Fried. Krupp said Tuesday that Krupp-Koppers subsidiary had won an order from Mannesmann for the construction of coke ovens with annual capacity of 1.1 million metric tons.

The company gave no price details, apart from saying the battery is part of an investment program by Mannesmann involving several hundred million Deutsche marks. Industry sources put the value at more than 100 million DM (\$42 million). The battery will be built at Mannesmann's Duisburg-Huckingen works and is due to begin operations at the end of 1984.

Machines Bull Sets Reorganization

PARIS (Reuters) — Cie. des Machines Bull said Tuesday that it will reorganize its activities into four main sectors beginning Jan. 1 in line with the restructuring of the French information systems industry.

It said its CII-Honeywell Bull unit will deal with information systems, and two other units will be created for peripheral computer activities and office computers.

Bull said it also will create another subsidiary to produce microprocessors.

Company Notes

AMERICAN TELEPHONE & TELEGRAPH has been cleared by a federal court of allegations that it violated antitrust laws and purposely stifled the growth of Southern Pacific Communications in the mid-1970s.

REPUBLIC STEEL said Tuesday that it will recall about 1,150 employees at two plants in Ohio and Alabama beginning Jan. 9.

GREAT ATLANTIC & PACIFIC TEA CO., which has only recently returned to profitability, said Tuesday it is considering a merger with Chatham Supermarkets of Warren, Michigan, a chain that has also had financial problems.

ELECTRICIDADE DE PORTUGAL is raising \$150 million through an eight-year Eurocredit, carrying a 1/4 percentage point margin over the London interbank offered rate for the first four years, rising to 3/4 point over Libor thereafter, Citicorp International Bank said Tuesday.

XEROX's proposed \$1.65-billion acquisition of Cron & Foster, an insurance holding company, was approved by the companies' shareholders.

ALLIS-CHALMERS is expected to report a 1982 loss of \$190 million, \$200 million, but lenders have given the company until Feb. 1 to work out a long-term financing plan, David Scott, the chairman, said.

ADVANCED GENETIC SCIENCES INC. said Tuesday it has named an international joint venture company, Plant Genetic Systems, Brussels, supported by an equity investment by an agency of the Belgian government.

FORTIA's U.S. subsidiary Pharmacia said Tuesday it has acquired P-Biochemicals, a unit of Pabst Brewing, for \$10 million.

TRANSAMERICA said Tuesday that it had completed the acquisition of Fred S. James & Co., the fifth largest U.S. insurance brokerage firm, for \$300 million.

DELTA AIR LINES said Tuesday that it has agreed to lease 33 Boeing 777 jets over 15 years and that Boeing has agreed to purchase 11 of Delta's older Lockheed L-1011 TriStar jets during 1983 and 1984.

Bank Seeks Receiver For EDA Investments

HONG KONG — Barclays Asia said Tuesday it has obtained a court order appointing a receiver and manager of the Hong Kong property company EDA Investments and all its major subsidiaries, and an order that effectively freezes the assets of those companies.

EDA Investments, controlled by T.M. Chung and his family, has been negotiating with 23 creditors over the repayment of debts totaling \$214 million, Hong Kong court records show.

The company reported severe liquidity problems early in November brought on by a steep decline in Hong Kong property prices. Analysts have attributed the downturn to the cyclical nature of the Hong Kong property market as well as concern that China eventually will reestablish control over the British colony.

On Nov. 30, Schroders & Co. said that all except one of the 23 banks to which EDA owed money had agreed to a provisional debt repayment plan.

But Peter Dodd, Barclays Asia managing director, said Tuesday that Barclays had sought the court order after careful consideration by all the lenders of the options available following difficulties in instituting the repayment plan devised by Schroders.

He said Barclays' action was taken at the request of the overwhelming majority of the lenders by number and volume of debts owed and will not result in Barclays Asia itself obtaining any advantage over other creditors.

He said the case will be considered again by the court Thursday.

Mr. Dodd said that the orders are a temporary measure while the creditors consider the position and that they can be varied or canceled. He declined to comment on what action Barclays will take at the hearing Thursday and on why the provisional plan had broken down.

But a spokesman for Schroders

OPEC Discord Seen Pushing Prices Down

By Kenneth N. Gilpin
New York Times Service

NEW YORK — The inability of OPEC to reach a formal accord on production quotas in Vienna will mean lower spot oil prices in the coming weeks, petroleum analysts say.

With only a voluntary agreement in place, countries such as Libya and Iran are likely to continue to exceed production quotas set last March, thereby adding to already abundant oil supplies, the analysts say.

Walter J. Levy, an independent energy consultant, said, "This agreement is an attempt to paper over the cartel's inability to reach accord on how to support an already fictitious price. There appears to be nothing that could stop further downward pressure on prices."

Albert O. Munk, manager of foreign affairs at Standard Oil Co. of Indiana, voiced a similar assessment. "More or less as expected, OPEC has fumbled into early April the issue of how to square falling demand with its own production schedule," he said.

Prices of heating oil and gasoline on the New York Mercantile Exchange fell sharply Monday. Rosemary T. McFadden, executive vice president, said. At the end of the day, prices for January heating oil contracts had declined 2.35 cents from the opening, to 84.75 cents. Gasoline contracts, which opened at 84.50 cents a gallon, were down 1.5 cents at the close.

According to Miss McFadden, "investors sense that there will be more oil available and that prices will be coming down."

But William E. Pelley, a senior vice president at Bankers Trust, said softness in spot markets will probably not result in lower prices for consumers.

"These shifts represent no great change in the cartel's pre-Vienna position," he said.

(Continued on Page 17, Col. 5)

N.Y. Stock Prices Surge in Late Rally

Compiled by Our Staff From Dispatches

NEW YORK — A rally by blue-chip stocks in the final hour of trading Tuesday brought prices on the New York Stock Exchange sharply higher as buyers rushed into the market after the release of a favorable durable goods report.

The Dow Jones industrial average drifted without direction throughout the day and was up only two points one hour before the close, but it then soared and finished with a gain of 25.84 points at 1,030.35.

The rest of the market did not do as spectacularly well as the 30 issues that make up the Dow average, and advances led declines by a three-to-two margin.

Volume also picked up late in the day, with about 20 million shares traded in the last hour. Volume totaled 78 million shares, compared with 62.2 million Monday.

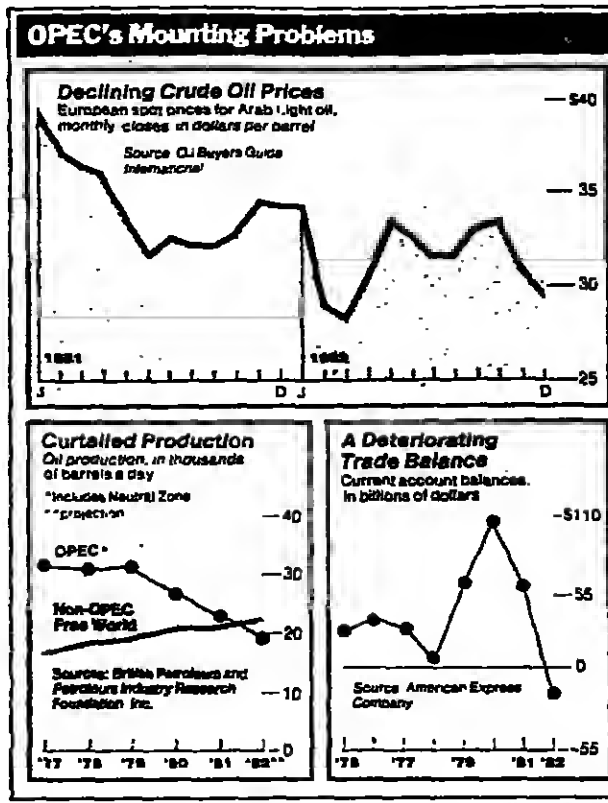
Analysts were somewhat mystified by the late rally, particularly because continued weakness in the economy was highlighted by the Commerce Department's "flash" estimate of a 2.2 percent decline in the fourth quarter gross national product.

But late Tuesday, this afternoon the Commerce Department announced an unexpected rise of 1.9 percent in durable goods orders last month. "The market seized on durable goods as a light in the darkness," said Monte Gordon of Dreyfus Co.

Also, corporate profits before taxes in the third quarter period rose 5 percent and Merrill Lynch, Pierce, Fenner & Smith predicted strong 1983 profits. But real income was unchanged in November.

Allen Sinai, Data Resources economist, said the "patterns of economic recovery are systematically unfolding, led by an upturn in the interest rate sensitive categories of spending."

The Treasury's weekly auction of three-and-six-month bills Monday produced moderately lower average rates. On the three-month bills, the average rate was 7.857



'Flash' Estimate Shows Drop in U.S. Economy

By John M. Berry
Washington Post Service

WASHINGTON — The U.S. economy is declining at an annual rate of 2.2 percent this quarter, reversing modest gains in the gross national product over the previous six months, according to a Commerce Department estimate disclosed Tuesday.

Reagan administration officials disclosed this so-called "flash" estimate just as the department officially revised upward its figure for third quarter GNP so that it now shows a 0.7-percent rate of gain in output of goods and services, adjusted for inflation, instead of no change as reported earlier.

Meanwhile, the recession continued to hold down inflation. The Labor Department reported that consumer prices rose just 0.1 percent in November after seasonal adjustment. Over the last 12 months, consumer prices are up 4.6 percent, compared with 9.6 percent in the year ended in November 1981. In the last three months, consumer prices have risen at a 2.9-percent annual rate.

The government also reported that factory orders for durable goods increased 1.9 percent last month after falling 5 percent in October.

The estimate for GNP for the current three months indicates a larger decline than most private forecasters have been predicting. Out of a group of 40 prominent forecasters surveyed recently, nearly 30 were still looking for at least some growth in the economy this quarter.

However, the flash estimate, which is based on incomplete information since the quarter is not yet over and many statistics not yet available, may differ markedly from later official estimates. For that reason, it is not published officially and is intended only for use by administration policy makers.

The upward revision in third quarter GNP was the result of higher figures for net exports, fixed business investment and federal government purchases. Personal consumption spending and residential investment were revised downward.

Real GNP fell by more than a 5-percent annual rate in the fourth quarter of last year and in the first quarter of 1982. It then rose at a 2.1-percent rate in the second quarter and a 0.7-percent rate in the third.

The pluses in both the second and third quarters were somewhat misleading, however, because final sales of goods and services declined in both periods.

The 0.1-percent increase in the consumer price index last month followed a 0.5-percent jump in October.

Top Adviser's Gloom
Earlier, Jonathan Fierbringer of The New York Times reported from Washington.

President Ronald Reagan's chief economist, Martin S. Feldstein, believes the economy will grow more slowly next year than other top forecasters in the administration have predicted, government officials said Monday.

According to the government officials, Mr. Feldstein, chairman of the President's Council of Economic Advisers, thinks that on a year-to-year basis, the economy will grow significantly below the "around 3 percent" rate that has been projected by other administration economists and the 2.8 percent consensus figure of a closely watched blue chip group of private forecasters.

The "around 3 percent" forecast of the other administration economists — a forecast that has not been publicly disclosed — is below the 4-percent growth forecast for 1983 by the same economists last September.

The officials said Mr. Feldstein's position reflects a desire to push for what he considers a realistic forecast of economic growth in 1983. The forecast is important because it becomes the basis for the spending, revenue and deficit projections for fiscal 1984, which the president submits to Congress Jan. 31. Fiscal 1984 starts next Oct. 1.

Bankers Considering Brazil's Loan Request

Compiled by Our Staff From Dispatches

NEW YORK — Officials of a dozen banks serving as representatives of Brazil's creditors were meeting here Tuesday to formulate a response to the country's latest request for further loans.

Brazilian officials asked leading international banks Monday for \$9.6 billion in medium- and long-term financing. The request, which would increase the banks' exposure to Brazil by 7 percent, came at a meeting at the Plaza Hotel in New York.

In addition, Carlos Langoni, president of Brazil's central bank, asked foreign banks that have cut back their deposits in Brazilian banks to restore them to previous levels. He also asked that they maintain their \$8.8 billion in short-term credit lines to finance Brazil's international trade.

Brazil's overall request to the banks included a new loan of \$4.4 billion, plus \$1.2 billion of new money that it has already received. The remaining \$4 billion would be in the form of a refinancing of principal payments that fall due next year. These would be stretched out over an eight-year period, with no payments of principal scheduled for the first two years.

Bankers leaving the meeting were reluctant to discuss whether they would make the commitments sought, saying they needed time to study Brazil's proposal.

Frederick Seelye, an official at J. Henry Schroeder Bank & Trust in New York, said, "I think most people are prepared to cooperate."

John Morris, a spokesman for Morgan Guaranty Trust of New York, called the presentation a "very balanced and realistic approach."

Jacques de Larosiere, managing director of the International Monetary Fund, told the bankers that the IMF fully approved of the economic program laid out by the Brazilian government. Brazil earlier this month reached tentative agreement with the IMF for nearly \$6 billion in credits to help it overcome its international payments problems.

IMF Quota Increase
U.S. Treasury Secretary Donald T. Regan said Tuesday that a quota increase of 40 to 60 percent being negotiated for the IMF should be sufficient for five years, Reuters reported from Washington.

Mr. Regan said that unless there is a new crisis "this should be more than sufficient for five years."

The increase, being negotiated by major IMF donor countries, could be voted on by the IMF's Interim Committee as early as February.

Meanwhile, the IMF said it would make up to \$100.6 million available to Costa Rica over the next year to help the country deal with its economic and financial problems.

Risk Unit at Continental
Continental Illinois Corp. said Tuesday that a new division has been established to improve the bank's monitoring of credit risks, Reuters reported from Chicago.

The procedure is a recommendation resulting from the bank's review of its heavy losses on loans to Penn Square Bank of Oklahoma, which collapsed earlier this year. Continental bought over \$1 billion in loans from Penn Square, that added \$220 million to the Chicago bank's loan loss reserve and caused a second quarter loss.



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CURRENCY RATES
Interbank exchange rates for Dec. 21, including bank service charges.

	\$	£	D.M.	F.F.	Y.F.	G.H.	S.F.	S.P.	S.C.
Amsterdam	2.4605	4.270	110.59	26.65	0.1917	17.47	2.644	27.146	5.553
Brussels (b)	27.015	2.577	17.54	4.95	2.384	—	—	—	—
Frankfurt	2.4605	4.270	110.59	26.65	0.1917	17.47	2.644	27.146	5.553
London (b)	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Madrid	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Paris	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Porto	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Stockholm	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Zurich	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
1 USD	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979

Dollar Values

	\$	£	D.M.	F.F.	Y.F.	G.H.	S.F.	S.P.	S.C.
Switzerland	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Japan	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
France	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Germany	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Italy	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Spain	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Sweden	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Denmark	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Netherlands	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Belgium	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Austria	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Portugal	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Greece	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Turkey	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
India	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
China	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979
Japan	1.6033	2.577	28.25	2.896	16.927	22.524	4.270	75.32	15.979

Source: Reuters, 1.10.82, 1.10.82, 1.10.82, 1.10.82, 1.10.82, 1.10.82, 1.10.82, 1.10.82, 1.10.82, 1.10.82.

Tuesday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

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Dec. 20 High Low Close

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to sell out, the company he founded has been regarded as ripe for takeover. What has attracted interest is General's rich oil reserves in the United States and a balance sheet that is almost debt-free.

Mesa's offer comes from General, like most oil companies, is troubled by surplus production capacity, declining prices and the prospect of reduced earnings. For this reason, analysts believe many independent oil concerns are vulnerable to takeovers by larger concerns at bargain prices, and General's response to Mesa's offer being watched as a test.

The attractiveness of General's takeover candidate issues from conservative management strategies that had been employed by Mr. Meadows and has been maintained by the company's current management.

Unlike most independent oil companies that have usually gone deeply into debt to finance exploration, General has accumulated almost no debt over the last five years. It has financed its exploration through cash flow.

As of June 30, the company said it had proved reserves of 80.4 million

By John Crudele

NEW YORK — General American Oil is likely to shuff Mesa Petroleum's shares in a takeover move and seek another company willing to pay a higher price, according to Wall Street analysts.

They also believe that whether or not the deal in the latest takeover move, the company, headed by T. Boone Pickens, will reap substantial benefit from the attempt.

The company announced late Sunday a \$520-million tender offer for a majority of General's 25.4 million shares outstanding.

Trading in General American stock on the New York Stock Exchange closed Sunday at \$34 1/2 after the offer, indicated that investors expect a new bidder. The stock closed with a gain of \$8.25 a share to \$43.25.

"Everybody's assuming the bid is a trap," said one oil risk analyst. "It's a trap, but it's a trap with a bitrugger." He said General Ameri-

gan, which has no retail operations, would be a partner for a large oil company looking to increase its domestic reserves.

Analysts estimate that if Mesa acquires General American at \$40 a share, it will be purchasing oil and gas reserves for about \$4.57 a barrel.

They said it would cost a company between \$10 and \$15 a barrel to explore and develop new reserves.

"Boone has gotten himself into another no-lose situation," said Tyler Davis, an analyst with Merrill Lynch.

He said Mesa will either win oil and gas assets at a low alternative bid or will sell its stake in General American to a higher bidder and make a sizable profit.

Some analysts are speculating that Mesa is trying to lure other bidders to General American in order to achieve a better gain on its investment.

"I'm mystified" about the \$40 price, said Ralph Scheele, a Shearson/American Express analyst, adding, "Maybe they just wanted to get the ball rolling."

Mr. Pickens, in a telephone interview, said he did not intend to acquire General American for its reserves. There is no ulterior motive for the offer, he added.

Mesa said it purchased the 1.9 million shares of General American it already owns at an average cost of \$16.72 a share.

■ **A Conservative Company**

Thomas J. Lueck of the New York Times reported from New York:

When Alur H. Meadows ran General American Oil of Texas, there was little likelihood that the oil and gas exploration concerns would be swallowed up by another oil producer.

But in the four years since the takeover, Mr. Meadows, a highly successful and fiercely independent oilman who rejected all offers

to sell out, the company he founded has been regarded as ripe for takeover. What has attracted interest is General's rich oil reserves in the United States and a balance sheet that is almost debt-free.

Mesa's offer comes when General's oil companies are troubled by surplus production capacity, declining prices and the prospect of reduced earnings. For this reason, analysts believe many of the independent oil concerns are vulnerable to takeover. General's oil concerns at bargain prices, and General's response to Mesa's offer is being watched as a test.

The attractiveness of General's takeover candidate issues from conventional management strategies that have been abandoned by Mr. Meadows and has been maintained by the company's current management.

Unlike most independent oil companies, which have usually gone deeply into debt to finance

New York Times Service

NEW YORK — Burlington Northern plans to offer \$24 million in new common stock in a share for up to 21.5 million shares, according to a prospectus filed today with the Securities and Exchange Commission. The energy company, which is a leading electric power producer, said the offering would be used to finance the company's expansion program. The company is producing natural gas and is a leading producer of coal. If fully subscribed, the offer would be valued at about \$516 million.

The offer by Burlington, which owns the Burlington Northern Railroad, is the largest offering of common stock in the railroad industry in terms of track, since the company's shares are valued at slightly more than 50 percent of E. I. du Pont & Co.'s shares.

Burlington said that the offer is not conditioned on any minimum number of shares being tendered. It will begin Wednesday and expire on midnight Jan. 19. Burlington also said it already owns 1.1 million shares of its shares, bought in the open market.

John McFall, public relations manager of E. I. du Pont & Co., said the company would have no comment on the offer.

the offer until Wednesday morning.

In the view of one analyst, the offer for El Paso reflected the longtime ambition of Richard M. Bressler, chairman of Burlington, to give a major push to the railroad's oil and gas business. Robert D. Lipp, railroad analyst for First Boston, said: "It comes as no surprise."

Another analyst said that it was also an attempt to close a gap in earnings that was produced when the company sold its air freight business for \$177 million to Plattsburgh.

In 1981 Burlington Northern Air Freight had operating income of \$25.3 million on revenue of \$355 million.

El Paso, which is based in Houston, had profit of \$147 million on revenue of \$3.9 billion in 1981. For the same period, the company had profit of \$72 million on revenue of \$2.8 billion.

According to Mr. McFall, El Paso is also deeply involved in exploring for natural gas and has committed \$359 million to exploration this year. It has gross holdings of 4.8 million acres (1.92 million hectares) for exploration.

it had proved reserves of 80.4 million barrels of oil, with 56.3 million in the United States and 24.1 million in Canada. Its proven natural gas reserves totaled 519.4 billion cubic feet in the two countries with 294.4 billion cubic feet in U.S. supply.

(Continued from Page 15)

tion," he said. "As a result, consumers shouldn't expect prices to fall."

There was little trading on the Rotterdam spot market before OPEC issued its communiqué. Moody, according to analysts, indicated price for Saudi Arabian light, however, was \$30.50 a barrel, \$3.50 below the official Saudi price.

Some analysts felt that continued weak demand among consuming countries left OPEC with little choice but to postpone the difficult choices about future price and production levels. But the decision to do so until their next meeting, which is expected to come in February, will not be risk-free.

Philip K. Verleger, a senior adviser at Drexel Burnham Lambert, said that the next meeting "will be conducted under more serious circumstances."

He predicted that "over the next three to four weeks, values will fall, liftings will go way down and OPEC will experience a period of extreme pressure."

to accept the role of swing producer.

In an effort to maintain the \$34-a-barrel benchmark price over the past year, experts said Saudi Arabia, OPEC's largest producer, had cut production by at least 40 percent, to around 5.1 million barrels a day. If no other OPEC members agree to cut production, Saudi Arabia would be under pressure to reduce its daily output to between 4 million and 4.5 million barrels if the 18.5 million barrel quota agreed to at Vienna is to be met.

In its latest newsletter, Petroleum Intelligence Weekly reported that the Aramco companies have advised Saudi Arabia that their purchases will be "significantly" reduced next year if the differential between spot and contract prices remains large.

William L. Randall, vice president and senior petroleum analyst at Saudi Borsani, said "The determination to maintain the benchmark price will mean that the Aramco partners will be taking even less oil from Saudi Arabia.

Ararnico partners are 18
xon. Standard Oil of Calif

Mr. Verleger estimated that their obligation to continue buying Saudi crude has cost the Aramco partners \$7 billion to \$8 billion this year.


Mr. Munk said: "The gut issue is whether the Saudis will continue

revenue and profits, in millions, are in
 parentheses unless otherwise indicated.

United States		
	General Mills	
2nd Quar.	1982	1981
Revenue.....	1,547.	1,491.
Profits.....	93.1	80.8
Per Share.....	1.84	1.64
4 Months	1982	1981
Revenue.....	2,928.	2,833.
	172.4	149.

1982

Profits	58.69	69.3
Per Share	3.77	4.4




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million in the United States and 24 billion in Canada. Its proven natural gas reserves totaled 519.4 billion cubic feet in the two countries with 294.4 billion cubic feet U.S. supply.



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in the year 1974; also the offerer must be
agent who is registered according to proceed-
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Dr. Eng. Abdo Kaam**

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The Ministry of Agriculture and Forestry
The Ministry of Health and Social Welfare
The Ministry of Education and Scientific Research
The Ministry of Planning and Economic Development

OBSERVER

Cold, Hard Safety Net

By Russell Baker
NEW YORK — The only Santa Claus I've seen so far this season was wearing a blue suit and a badge, and he was being interviewed on television in Penn Station where he works as a railroad cop. It was in the morning's wee hours, the time when Santa traditionally performs his ancient charities, and the station had a silent, abandoned look.

When the camera scanned the interior, though, you could see that while it was quiet all right, abandoned it wasn't. All around, down long corridors and against silent walls, people were snuggled — well, not deep in their beds, to be sure, but wrapped in their coats or floors of stone.

Sure, the cop said, if you went by the book you ought to throw them all out onto the street, but he didn't do that. Couldn't do that. Out on the street these late December mornings temperatures go down below freezing.

Bedding on a railroad station floor might not be a heated water bed under a duvet, but it was better than frostbite. His policy was to let them dream for a couple of hours, then wake them, let them move on and watch them shuffle to another corner, another corridor, and bed down again.

The reporting for this Christmas story was done by Gabe Pressman, one of the few ornaments of the local television news industry, if only because he so often seems to be covering a real city rather than Mindless Fluffland, which absorbs most of his colleagues.

In a minute or two, though, Pressman's line to the real world was cut off, and there was a gent peddling milk Christmas gifts at \$4.00 a pop.

The \$4.00 Christmas package is as real in New York, and most other places in the country, as people sleeping on stone floors. A few nights after the Pressman story, the network news did a story on homelessness in the United States. With more and more people being dumped by the failing economy, homelessness may soon become almost as popular with TV news as arson and touring film stars.

The network story dealt with a congressional hearing, and there was film of two or three articulate street people trying to tell congressmen what it was like sleeping on railroad station floors. This was

followed immediately by a commercial for a wristwatch built into a gold coin. The price was not mentioned, probably on the theory that if price was a consideration, you couldn't afford it.

How are we supposed to respond, sitting in the parlor, when we are jerked without benefit of decompression chamber between these two visions of the United States? Yes, this is a country where people would freeze to death except for the kindness of decent cops, and of course we know there are plenty of you out there so anxious to be rid of excess money that you'd be ecstatic to splurge on a new milk, another watch.

My guess is that most of us don't respond at all. We've been too numbed by television's constant flow of images juxtaposing misery with luxury cars and new improved panty hose.

I probably wouldn't have noticed either if I hadn't been on Fifth Avenue the other day watching shoppers bury home with their treasures and noticed that they were impeded by having to step around the bodies of homeless people at rest on the sidewalks.

If we had film of this sort of thing from Moscow, wouldn't it be widely screened as evidence of the failure of Communism? Does the juxtaposition on television of steeple and gold coins for wrist decoration tell us something depressing about the failures of capitalism?

In a large part of the world outside the Communist zones, the message surely wouldn't be helpful to our cause, but we can always fall back on the explanation that while capitalism may not be perfect, it's still better than anything else on the market.

This may go down successfully in some countries struggling to survive, but it's embarrassing to survive to settle for such faint self-praise here at home. Even President Reagan, the St. George of embattled capitalism, once thought he could rescue it without causing misery and desperation.

His famous "safety net" would see to that, he promised. It was a useful idea, the safety net. It suggested lying in a hammock, secure until the great engines of capitalism recalled everyone to work.

The reality is a patch of stone floor in a railroad station and a decent cop willing to let you dream for two solid hours before waking you up. Some safety. Some net.

New York Times Service

Jessica Lange

By Aljean Harterz
New York Times Service

LOS ANGELES — The Christmas tree is small and temporary, decorated with only a half-dozen white angels with golden wings. Jessica Lange will be home in Minnesota for Christmas, and this red, rented house in a California canyon is temporary, too.

What apparently is not temporary is Lange's career as a movie star. Directors and producers who ridiculed her four years ago are "developing projects" for her now, the result of two extraordinary performances that have just reached movie theaters — her wayward, headstrong, doomed movie actress Frances Farmer in "Frances" and her soft, submissive, casually sensual foil to Dustin Hoffman in "Tootsie."

At 33, she is near the top of the movie industry's short list of female stars; probably her only competition for roles now, as well as for the 1982 Academy Award as best actress, is Meryl Streep.

At Christmas six years ago, things were different. Then she was the "disposable" "King Kong," as disposable as a banister as any of the angels on her tree.

"I was so incredibly naive about what was business and what was caring in Hollywood," she recalls. "It turns out it was all business. 'King Kong' took one year, including a six-week publicity tour around the world. I was doing 12 or 14 interviews a day. And then it was over, and I was all alone at the Pierre Hotel in New York, and everybody had gone and left me. It was finished. I got my lesson in the expendability of the human spirit in Hollywood."

If she doesn't have it all now, she certainly has quite a lot — beauty, talent, fame and a 21-month-old daughter. The baby was the result of a fling with a director, a fling that was over, and she was all alone at the Pierre Hotel in New York, and everybody had gone and left me. It was finished. I got my lesson in the expendability of the human spirit in Hollywood."

"I didn't get another part for two years after 'King Kong,'" Lange says. "I decided to go back to New York and pick up acting classes, where Hollywood had interrupted me. I had a contract with Dino De Laurentiis, and he paid me a salary so I didn't have to support myself as a waitress anymore."

Two years before "King



Lange: "My lesson in the expendability of the human spirit."

Kong," she had sat in an acting class and watched fellow students do a scene between a mother and a daughter set in an insane asylum. After a search, she found the book from which they had excerpted their scene, Frances Farmer's autobiography, "Will There Really Be a Morning?" From then on she talked about the tragedy of a rebellious actress railroaded into a madhouse to any director who would listen.

But Bob Fosse, who revived her career by giving her a small part as the Angel of Death in "All That Jazz" in 1979, wasn't interested in a woman sliding down a self-destructive path she had grasped herself. Nor was Robert Rafanador, even after he had cast Lange as the slatternly murderess in his "The Postman Always Rings Twice" in 1981. But Graeme Clifford, the film editor on "Starman" and a man looking for his first picture to direct, was extremely interested.

The real Frances Farmer spent seven years in insane asylums, but Lange's Frances Farmer is totally sane. "She was very high-strung and had overpowering elements in her personality of self-destruction, but she was a real warrior," says Lange admiringly. "It was misguided heroics. There are certain battles that aren't worth fighting, but Frances overcame anything she was given."

"I was," she adds, "raised with

Two Extraordinary Performances Put Her Memories Of the Dismal Years After 'King Kong' Behind Her

pregnant with Alexandra, Mikhail Baryshnikov's daughter. Although she and Baryshnikov have been together for six years, they are not married, and they zealously protect their privacy. "We have been physically separated a lot," she says. "But we are still together. I'll join him in New York in January."

When she was in high school, she sat on the porch of her parents' home in the smallest of small towns in Minnesota "and saw lawn mowers and heard dogs barking and felt it had to live there anymore it would kill me." "When I lived in Paris for two years and came back for Christmas, there was a band around my heart, and I prayed, 'Don't make me have to stay here.' Now she can hardly wait to get home. "The other day I reread my final thesis for high school English, an extensive autobiography I wrote at the height of my rebellion. At the bottom the instructor had written, 'Not all traditions in life should be disregarded.' My most powerful connection is to Minnesota, to that part of the land. I have a certain love for it I have for nothing else."

She realizes it is Alexandra — mouth stuffed with banana, fist reaching for the reluctant cat — who is the bridge. "I've built a log cabin there. I want to give my daughter my same small-town upbringing. How does it work, this thing of mines, peasants, noble and female? I want a strong marriage, a partnership, more kids, a family, generations caring for generations. I still have my grandparents. At 93 and 89 years old, they're still the hub of the family. You know if a car comes down the road it will be family, my aunt bringing vegetables from her garden or my cousin bringing vacation."

There is, she says, a little ruefully, "a long history of marriage in my family." Her grandparents just celebrated their 71st wedding anniversary. It is her own generation that has brought the first divorce and the first abandonment of the land. None of her parents' brothers or sisters "strayed more than 30 miles."

She has strayed much farther, an interior as well as exterior journey. Now she will take Alexandra and her arm and go back once more.

PEOPLE

Exit Sherry Lansing

Sherry Lansing, whose departure had been rumored for several months, is ending her tenure as the president of 20th Century-Fox Productions. The studio had been doing poorly at the box office lately with such films as "Author! Author!" and "Monsieur A." Alan J. Hirschfeld, 20th Century-Fox chairman, who did not name a successor for Lansing as president, said she would announce her new job later. In the meantime, Lansing, a former model, will remain with Fox for up to 30 days to help with the transition. Lansing two years ago became the first woman production boss of a major film studio.



Sherry Lansing

"Gandhi" and "Tootsie" dominated the 1982 New York Film Critics Circle awards, shutting out the popular "E.T.," the Exor theatrical. Ben Kingsley, who played the title role in the biographical "Gandhi," was named best actor by the critics. Meryl Streep, who played a Polish woman haunted by the Holocaust in "Sophie's Choice," was named best actress for her performance. Sydney Pollack, the director of "Tootsie," was named best director. "Time Stands Still," a Hungarian film about teen-age rebellion in the 1960s, was named the best foreign movie.

The composer John Williams has signed a contract with the Boston Pops Orchestra that will retain him as conductor through 1987. "It seems appropriate that I know this great orchestra and their getting to know me, that we look at this as a long-term commitment," Williams said. Williams, who joined the Pops in January 1980, succeeding the late Arthur Fiedler, has composed music for more than 65 motion pictures, including "Star Wars," "Goodbye, Mr. Chips" and "E.T.," the Extra-Terrestrial.

Mike Wallace has just signed a five-year contract to continue on "60 Minutes" for CBS. According to Newsweek, one CBS source puts Wallace's salary in the final year at \$1 million.

The actress Eileen Brennan will undergo therapy at home after being discharged from a Los Angeles hospital following nearly two months of treatment for injuries suffered when she was hit by a car. The 48-year-old actress was released from the hospital Monday. She was injured Oct. 27 when she was struck by a car after dining at a restaurant. Katherine Hepburn, who fractured an ankle in a car accident a week ago, is learning how to walk

with crutches and plans to be home for Christmas, a hospital spokesman said in Hartford, Connecticut. The four-time Academy Award winning actress and her secretary, Phyllis Wilbourn, 73, were injured Dec. 13 when a car driven by Hepburn skidded off a wet road in Old Saybrook and struck a telephone pole.

Adolf Hitler's antipathy toward disarming before anyone was so great he even refused to take his clothes off for a physical examination. He took about a dozen pills a day for constipation that caused stomach and intestinal cramps but the pills did not do much good and he had constant headaches; he couldn't sleep, and his arms and legs shook as if they had a life of their own. His personal physician, Dr. Theodor Morell, who treated him from 1935 until shortly before Hitler killed himself in his Berlin air raid shelter in 1945, gave him so many injections it was difficult to find a vein he could use. All this is in a biography of Morell by Ottmar Krell, "Dr. Morell: Hitler's Personal Physician," which says Hitler had so much faith in the doctor, even though he was suspected of having a Jewish grandfather, that he took off his clothes for a physical examination. But he refused to allow X-rays to be taken of his stomach and intestines.

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SIB "ROMEO"
1982 FORD 531

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(a) regarding the liability of the Plaintiffs to damages in respect of the said sailing as regards claims in respect of (1) any damage or loss caused to any goods, merchandise or other things whatsoever on board the "ROMEO" S. (2) any loss or damage caused to any other property or any right or interest through the act or omission of any person, (whether on board the "ROMEO" S. or not), in the navigation or management of the "ROMEO" S. or in the loading, carriage or discharge of its cargo, or in the embarkation, carriage or disembarkation of its passengers or through any other act or omission of any person on board "ROMEO" S. to any person on board "ROMEO" S.

(b) allowing until the 28th February 1983 for the filing of claims, and (c) that persons who are entitled and desire to apply to set aside the decree in the said action and taking out summonses to set the decree aside.

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